

Osakafukushima	Secretary of Ministry of Finance, a certain Tamiya	From Oct. '47 to Jan. '48	2,367,110	725,333	Seized upon above sum received from 5 taxpayers as commodity tax, etc.
Ibaragi	Clerk, a certain Sonoda	From April '48 to July 1948	157,790	93,696	Seized upon above sum received from 19 taxpayers as income tax, etc.
Higashiyama	Clerk, a certain Meriguchi Clerk, a certain Namba	From April '48 to July '48	2,076,572	1,634,769	Seized upon above sum out of ¥5,502,733 received from 804 taxpayers in total as income tax, etc.
Total			5,894,590	2,503,856	

Further we add that a certain Takasaki, the government employe seized ^{upon} ¥146,507 revenue received as income tax and so forth in March 1948 when he was engaged in accountant's business as the assistant of accounting official, and appropriation for losses thereof was disbursed by the Tokyo Regional Financial Bureau in March 1949.

Re 851-(1)

Do; Exp.

(324) Disbursement for Imaginary Purpose, abused outside Budget

(Part 4) Administrative Department Expense

(Title 8) Finance Ministry

(Item 5) Taxation Office

At Kanto-Shinetsu Regional Financial Bureau the official disbursed 1,364,630 yen in April 1949 as if the Bureau purchased a wooden and two storied building with a floor space of 75 tsubo sited at Tokiwa Town, Urawa City from a certain Toyama, at Urawa City.

As the result of our actual audit in October 1949, we found that the same building did not exist really, and that the price thereof was kept by the Building and Repairs Section of the Bureau, appropriated to the price of repaint work, etc. of the office of the Bureau by 1,062,545 yen during the time from May to August 1949, and the balance thereof, 302,085 yen was kept in cash.

Re 851-(2) Co.

(325)-(327) Violation of the Division of Fiscal Year

(Part 4) Administration Department Expense

(Title 8) Finance Ministry

(Item 4) Regional Finance Bureau

(Item 5) Taxation Office

(325) Kento-Shinetsu Regional Finance Bureau let out in February '49 to Yamato Constructing Co. Ltd. and 3 other persons the work of repair to the bureau's office room and 3 other works, for which it disbursed Y 3,668,000. Although the works were one and all completed during the period from May to August, the whole of the compensation was disbursed from among the 1948 appropriation as if they had been achieved within the fiscal year.

Re 853

(326) At Kumamoto Regional Financial Bureau the official disbursed ¥6,175,000 in April 1949 as the price for 35 safes and 50 steel book-cases composed with drawers of which the Bureau had purchased from a certain Sakumoto in Kumamoto City. These articles were not supplied within the fiscal year 1948, but supplied after June, including.

Nevertheless the official disbursed the price thereof from the budget for the fiscal year 1948, as if the articles being supplied in full within the fiscal year 1948.

(Part 20) Reparations Facilities Disposal Expense

(Title 1) do

(Item 2) Reparations Facilities Conservation Expense

(327) The Osaka Regional Financial Bureau disbursed

¥ 2,849,013- on September and October 1948, as the cost of keeping and transportation works of the machines designated for reparations, let out to the Local Construction Division at Osaka, of Transportation Ministry, and one other, during April '47- February'48; these works were finished until May '47-April '48, so the Bureau should have to disburse it out of the budget for fiscal year 1947, nevertheless they disbursed it out of the budget for fiscal year 1948 because of the shortage of their budget.

Re 854

(328) Improper Enforcement of Engineering Work

(Part 10) Public Works Exp.

(Title 1) do

(Item 2) Works Exp.

At Tokyo Regional Financier Bureau the official disbursed ¥3,900,000 as the price of new construction works of office building of the Isezaki Taxation Office for the Ukawa Kogyo Joint-stock Co. in October and November 1948. In this case, we found that when in August 1948 the Bureau nominated the Ukawa and four others and sold by bid for estimated price thereof ¥3,900,000, the Ukawa bid for ¥3,280,000 and concluded the contract with the Bureau under the pretence of having bidden at the sum equivalent to the estimated price, taking advantage of having gotten ¥620,000 as a margin between estimated price and real bidding price, and the Bureau led the Ukawa to construct the lodgings for employees of the Bureau with the same ¥620,000. It is not a proper measure that the Bureau rewrote bidding price, drew up the contract different from the facts, and led the Ukawa to construct the lodgings for employes, as above said.

Re. 5

(329) Improper management on the packing work of reparations machinery

(Part 20) Reparations' Facilities Disposal Exp.

(Title 1) Do

(Item 3) Reparation Facilities Dismantling Exp.

Tokyo Finance Bureau made in February 1946 a contract of re-packing work of 291 packs of reparations machineries with Ando-gumi Co., Ltd. (general contractor), for which the official disbursed Y 2,069,557 (general) in July.

This repacking was instructed by the Allied Forces, for the reason that some packages were found incomplete among those 3,244 packs of reparations machineries dismantled from both the ex-Sagami Army Arsenal and ex-Kamariys Branch of the First Naval Air craft Engineering Arsenal and were gathered at Taura in the city of Yokosuka during the period from November 1947 until January 1948. According to the official concerned, the work was necessitated the fact that the machineries in this case mostly consisted of big-scale machines over 5 tons each, that the packages had to be ^{piled} up in two or three storied at the gathering center and that many rotten or humid timbers were found among the government-supplied ones and it was impossible for the official to take any special measure to eliminate the humidity; consequently causing broken struts or biased packages. But, on the other hand, there are a good many big-scale machines over 5 tons each among the reparations machineries of the other arsenals for which no re-packing was needed, and generally speaking, the packages of the reparations facilities will be so made or qualified as to endure the piling-up in two or three storied.

And so, the reason of such reworking is, after all, attributed to the fact that many rotten or humid timbers were found among those initially supplied by the government.

As to the timbers required for this packing work, they utilized 19,562 koku among 26,643 koku of gathered timbers at Sagami and 9,308 koku among 12,630 koku, at Kamariya, and the rest of 10,401 koku were unused. And not only they had much time for selecting ^{tim}timbers but also 4,263 koku among this rest was without any hindrance, utilized at the second dismantling of the same kind of reparations machineries of the same arsenals.

However, in the light that there was a period of two months between the date of preparatory dismantling instruction in August and the date of the commencement of the work in December 1947, it is deemed the official had much time for full choice of the timbers. The abovementioned result is attributed to the officials' improper management on the supervision of the work and on the supply of the timber from the government.

(330) Improper Purchase of Articles

(Part 20) Reparations Facilities Disposal Exp.

(Title 1) do

(Item 3) Reparations Facilities Dismantling Exp.

The Reparation Enforcements Division, General Affairs Bureau, Ministry of Commerce and Industry, disbursed 2,746,727 yen as the price of 2,010,78 rolls of sensitive paper for blue print (80 c.m. of width, 100 metres of length for each roll) for use of reprinting records of valuation of reparations facilities purchased from the Shows Chemical Research Institute Co. Ltd. and other 13 persons on November 1948.

The official estimated the quantity of sensitive paper requisite for reprinting 1,142,743 sheets of valuation records, as 2, 172,28 rolls; and for use of printing work, supplied 161,5 rolls from among the Division's stocks, and supplied the balance after purchasing. However, it had then 1,426 rolls in stock, which were not expected to be used soon. Accordingly, if it had supplied the whole stocks, it could have reduced the purchase down to 746.28 rolls. To have purchased otherwise such easily buyable goods as sensitive ^aproper, despite of many stocks which were left without secure use, is improper. And in fact, among ~~of~~ 1,426 rolls the stocks at the time, 1,264.5 rolls are hoarded paying a custody-fee of 4,200 yen for each month some 7,000 yen paid in 1949 fiscal year.

(331) Mis-over-payment of Expense of Commission for
Conservation of Factories Designated for Reperation

(Part 20) Reperations Facilities Disposal Exp.

(Title 1) do

(Item 1) Reperations Facilities Conservation Exp.

The Saitama Prefectural officials have paid 14,700,332 yen to Omiya Plant of Fuji Industrial Co., Ltd. and 6 others designated for reperation each, as the commission for the administration of reparations for the fiscal 1948.

This commission contained 2,620,599 yen which was the allowance for 118 guards or custodians. The number of these personnels was to be calculated on the basis of floor-space of the buildings in which those reparations facilities were stored up. However, the officials made a calculation on the basis of the total floor-spaces of all the buildings within the designated site, causing an excessive commission amounting to 297,306 yen. We gave them an advice on it at the time of our spot audit in August 1949, and they took a step of its recovery in October and November, however, they have not collected it as yet.

Re 19

(332) Loss caused to the State by Employees' Crime

(Fiscal Year 1947) (Part 21) Reparations Facilities Disposal Exp.

(Title 1) Do.

(Item 1) Do.

Hiroshima Financial Affairs Bureau settled ¥81,000 as the expenditure disbursed, but in fact, certain Kaneyasu and other one while on their duty as an assistant of the disbursing officer or imprest officer at Yamaguchi District, Ube branch office of the said Bureau, swindled a salary and allowance of four employees by making false documents in conspiracy with each other and expended it for reception etc. between May '47 and Feb. '48.

Re 142 co.

State Properties

(333)-(347) Improper Administration on State Estates Leased to Religious Institutions for Their Precincts

The state demesne being leased free of charge to religious institutions for their precincts are provided by law that those precincts which are necessary for their religious purposes are permitted to be ceded, or to be disposed of, at a half of current value to those institutions; and the law provides too that before such disposals, changes of using the precincts or cutting of trees or bamboos are necessitated to be authorized by governor of metropolis, district urban or rural prefecture and by chief of regional financial bureau. However, there are many cases the persons concerned to the institutions violated the law as to lease a part of the precincts without permission for use of sites for residences, stores or cineme ^{ou}h~~is~~ses and etc., or as to cut the trees or bamboos without permission, as follows— these cases are limited to those found out by our spot audit; such a many violations are caused not only by those concerned persons who ignored the law, but also by improper management of state property by superintending regional Financial Bureau to prevent them from such violation.

(1) The cases where precincts were changed the use thereof without permission and leased to others are reached 14, as follows;

Finencial Buresu	Place	Religions Institutions	For Use of		Area of Building	Date of the beginning of use
			kind	number		
Tokyo	Tokyo Metro-polis	Zojoji Temple	Residen-ces & Stores	85	3,630 TSUBO	May '43
"	"	Toshogu Shrine	Residen-ces & Resteu-rant	15	238	July '48
"	Chibe City	Chibe Shrine	Stores	120	240	June '46
"	Kisere-zu City	Yagushi Shrine	"	17	54	Dec. "

Re 190.271						
Kento-Shinetsu	Omiye City	Hikawa Shrine	Stores & Restaurant	200	487	June '47
"	Chichibu Town at Seitama Pref.	Chichibu Shrine	"	41	164	Nov. '46
Osaka	Osaka City	Chikurinji Temple	Cinema House	1	312	July '47
"	"	Roten Shrine	Restaurant	25	109	Jan. '46
Sendai	Morioka City	Sekureyama Shrine	Stores & Restaurant	108	577	July "
Nagoya	Tsu City	Hongenin Temple	"	23	126	Oct. "
"	Nagoya City	Katsumage Temple	"	6	448	'47
"	"	Kasuga Shrine	"	20	189	'46
"	"	Inari Shrine	Residences	15	105	'47
"	Hisei Town at Mie Pref.	Nonokino Shrine	Stores & Restaurant	62	106	April '47

(2) The cases where the trees and bamboos in the precincts were cut without permission are found in Ikude Shrine and 6 others under the jurisdiction of Tokyo Religious Financial Bureau, and of Hakusan Shrine and 28 others under the jurisdiction of Kanazawa Religious Financial Bureau, totalling 36 cases, the whole quantity cut down being 2,533,31 koku, and the officials concerned decided to collect 491,280 yen as compensation to the price of those trees and bamboos, but not collected yet 164,674 yen as on Nov. 1949.

(348) Metter that the purpose of the lease of State Properties is not attained

At Tokyo and 8 other Finance Bureaus, the officials have given since 1945 authorization for use of 2,743,066 tsubo of lands, 31,072 tsubo of buildings and 23 structures which had been formerly owned by Army and Navy, at a specially cheap rent, to Azuma Salt-manufacturing Co. Ltd. and 25 others for the sake of their salt-manufacture. Among them, however, some 400,000 tsubo of land and 3,000 tsubo of buildings have been left unused from the outset, and some 240,000 tsubo of land, 6,500 tsubo of buildings and 5 structures are used for other than the purpose of salt-manufacture.

These land and buildings are deemed to be available for either farmlands, factories or housing facilities, etc., and so from the viewpoint of the administration of State-Properties, it is by no means proper for the officials to leave them unused or to continue the authorization of using such extensive facilities at a cheap rent, for undesignated purposes.

Furthermore, aside from above, there exist among the leased premises, approximately 900,000 tsubo of land and 6,000 tsubo of buildings on which or in which some of the salt-manufacturing equipments are left incomplete or some, unused after their completion. These are one and all out of operation due to fund-stringency or high-cost and deemed to have little possibility of the resumption of work.

(349)-(351) Improper management of State Properties

(349) Tokyo Finance Bureau have been putting for use by Tochigi Prefecture without any formal procedure, Tamosawa Imperial Villa and its Attached Villa (land 14,550 tsubo, building 2,449 tsubo) and Nikko Imperial Villa (land 12,933 tsubo, building 567 tsubo) at Nikko-machi, Tochigi Prefecture, which had been the former imperial household properties.

Abovementioned premises had been put out to lease free of charge from the Imperial Household Ministry to Tochigi Prefecture in October 1946, and was transferred as the state properties to the Ministry of Finance in July 1947. Therefore a formal procedure then had to be taken as soon as possible. Yet, there has not been taken any formal step during these two years.

In the meantime, as for Tamosawa Imperial Villa Proper, the prefecture has given an authorization of having the premises open to public inspection with charge since October 1, 1947; as for the Attached Villa which has been re-named as Tamosawa Hall since April 15, 1948, it has given an authorization to Nikko National Park Sightseeing Co. Ltd. (which had been called up to 1948 as Tochigi Prefectural Sight-seeing Association) of operating therein a hotel and restaurant business, assessing therefrom 50% of the net income; while as for Nikko Imperial Villa which has been re-named as Nikko Palace Hotel, it has given an authorization to the same company of operating therein a hotel business for foreigners, and each of which has been considerably profitable.

Re 270

(350) The Kanto Sinetsu Financial Bureau, since June 1946, has been letting the Kasumigaura Agriculture University, foundation, use a lot of land of 45,151 tsubo and buildings of 10,000 tsubo belonging to the former Naval Air Corps at Kasumigaura and a land of 28,989 tsubo and buildings of 6,814 tsubo belonging to the former Naval Air Corps at Tsuchiura, and also letting the Japan Education Society, foundation, use a land of 69,730 tsubo and buildings of 7,540 tsubo belonging to the former Naval Air Corps at Tsuchiura.

The audit made by the Board in August 1949, shows that only a part of the above properties was being used of which the land was used as farms and playground, and the building as offices, classrooms, laboratories and residences for instructors, leaving a most, of, the rest out of use. Above all, the Tsuchiura Naval Corps Headquarters used by the Japan Education Society was partly destroyed by an accidental fire, and their custody on the properties could not be considered proper. Both the corporations have little funds and the students are decreasing, year by year, resulting in difficulty of the operation, on the while the natives are demanding for return of a land unused. From the above, it is deemed proper, after an over-all reexamination, to make an effective operation otherwise.

As for the rent, the Bureau decided to collect Y 4158,819 (for up to March '49 since the time of approving their use) during February--April '49 in bloc, of which none is received still on October.

Re. 191

(351) Nagoya Finance Bureau has given an authorization ^{to Aichi} University since June 1946, ~~to Aichi~~ of temporary use of 40,299 tsubo of land 6,359 tsubo of buildings which were formerly belonged to the ~~the~~ First Preparatory Army Academy at Toyoashi. But when ~~we~~ conducted a spot audit in April 1949, the following facts were brought to light ;—

Among the properties, some 600 tsubo of land and 315,5 tsubo of buildings had been used as a factory which has no relation to education, some 450 tsubo of land and 160 tsubo of buildings had been re-leased by the university to Japan Bibrical Association, Foundation, for the use of printing and binding factory. Nevertheless the bureau had permitted it tacitly as it may go.

Re.346

(352) Tokyo Financial Affairs Bureau was usurped 154,38 tons of rail with appurtenants estimated at Y 435,544 in current prices which have been kept in custody in the Supply Division of the former Second Naval Air Forces Arsenal at Totsuka-ward of Yokohama city during July, 47 -- Aug' 48, by a certain Inoue of Yokohama city and a certain Okaide of Tokyo. These men made by a fraudulent application for disposal in the name of a certain Inoue a representative of Japan Electric Supply Co. Ltd. and presented it. The Bureau misunderstood it as a formal application of the company and delivered them the said articles without examining the circumstances. This was their distraction.

Re. 127 co

Matters Concerning Postwar Disposals Expenses:

General Account: Revenue

(353) - (357) Improper Measures on Recovering Over-Paid Money

(Part 3.) Miscellaneous Receipts

(Title 1) Miscellaneous Receipts

(Item 14) Sundry Receipts

Contracts for constructions or procurement of articles in relative to the postwar disposals expenses used to be made chiefly in rough estimate contracts and payments by rough estimate be paid therefor until the end of 1947 fiscal year. However, notwithstanding that the contract amounts were decreased through cancels of such contracts or plan alterations of works, a good many cases were caused to be over paid by reason that the disposals thereof were delayed, that materials supplied by the gov't were settled as being supplied by contractors, or that the contracts were mistreated owing to a change of the competent Ministry, etc.

Despite that the said over-paid amounts should promptly be recovered, some of them are delayed or difficult to be collected owing to the delayed settlement etc., of which remarkable instances are as follows:

(353) The Special Construction Bureau of the Rehabilitation Board disbursed on ~~rough~~^{rough} estimate ¥1,665,300 in April as the price of 8,540 sets of sheet steel-made radiators that had been purchased in March 1947 from the Central Industrial Company, and took over the subsequent disposals thereof to the Special Procurement Board in January 1948. However, a procurement demand being cancelled in May, the said SPB discharged the contract and decided to buy them anew as materials for dependents' residences. But owing to the insufficient liaison of business it disbursed the whole amount of the new contract of ¥2,246,020 without recovering the said amount paid, and originally paid amount being left unrecovered at the time of November 1949.

(354) Saitama Prefectural Gov't let out repairs of furniture and washing to the Fuse Industrial Company and 2 others and disbursed ¥4,762,244 in November and December 1948. However, despite that business of paying the prices etc. was to be transferred to SPB in October of the same year, the prefectural gov't paid it erroneously. Subsequently, the prefectural gov't took a procedure of repayment, but at the end of October 1949 ¥3,421,244 was still left unrecovered.

(355) Remodelling works of barracks at Shirai Air Field and 5 cases that were let out by the Chiba Prefectural Gov't to the Shimisugumi Company during the time from October 1946 to December 1947 were settled by payment of a total amount of ¥93,975,179 between December 1947 and December 1948. Despite of the gov't supplied materials including lumber, however, the price of materials were erroneously included in the settled amount as if those had been supplied by the contractor, resulting in an over-paid amount of ¥2,742,854.

The said over payment was all recovered up to July 1949 by our notice.

(356) As to constructing works concerning Allied Powers, especially those performed up to the end of 1947 fiscal year, the Tokyo Metropolitan Office made excessive payments by rough estimate on the basis of the original plan in spite of the contract amount decreased through changing the plan, causing an over payment of totalling ¥192,009,748, and took procedures to recover it. Of the said amount, ¥35,610,731 was left unpaid at the time of September 1949.

Besides that, the over payments come up to some ¥15-million (exclusive of 30 cases supposed to have been over paid), which should be recovered.

(357) Those among the constructing works of new residences for families of Allied Forces and other works performed by the Kanagawa Prefectural Gov't during the time from January 1946 to December 1947 that were revealed to be over paid as the results of the settlement until December 1948 come up to 38 cases amounting to ¥14-million odd.

up to 38 cases amounting to ¥14-million odd, of which only ¥1,808,608 was decided to be collected up to November 1949.

Above all, as to 7 cases amounted ¥8,650,953 for the Kashima Constructing Co. and 2 other, an estimated constructing expense was originally decided in such manner that materials scheduled to be supplied by the gov't had been charged to the contractors for a while at the time of the rough estimate contracts. Notwithstanding that it should have been obvious that the constructing expense be required to be cut down owing to the materials subsequently supplied by the gov't, or alterations of the plan, the authorities did not take any steps and caused the said over payment.

Re. 348

Do: Exp.

(358) - (359) Improper Plan and Enforcement of
Engineering Works.

(Part 18) Post-war Disposal Expense

(Title 1) Do

(Item 2) Post-war Disposal Works Expense

(358) The OSAKA Branch Bureau of the Special Procurement Board disbursed 6,484,000 Yen, the cost of the dredging operations near by the pier of the Takadori Petroleum Tank let out to the Kuramae-gumi Co. Ltd. in Oct. 1948.

In the fore-mentioned operations by the procurement demand in August, 20,300 square meters of sea-bed near the petroleum terminal was to be dredged into the depth of 20 or 12 feet below low water-level (the earth to be dredged 40,000 cubic meters). The oil employed by the dredgers was decided to be given by Allied Forces and coal was to be handed over by the Government. However owing to the improper preparations for receiving oil, it was as late as the end of Dec. that the oil was delivered. As for coal, although at that time there was no coal on hand in the Bureau, it was decided to be given by the Government by some mistake of the official, and it took many days before it was acquired from the 3rd Post and Harbour Construction Division of the Transportation Ministry at the beginning of Nov.

During the while, utilizing the holdings of the contractors, a part of the operations were barely commenced on Oct. 22, however, it is deemed to be improper that the Bureau was obliged to pay 1,310,265 yen as demurrage of 6 dredgers and etc. for total number of 113 days.

Re. 462

(359) Osaka Prefectural Office has disbursed ¥17,301,031 (among which ¥17,229,000 for 1946 fiscal year) as the construction expenses of a field of the Allied Forces which has been let out to the Hazama gumi Co. in Sept. '46. The work was to remove and sweep all structures and obstacles from the 91,732 square meters war-damaged site located Nishi-ward, Osaka city and to make the works such as readjustment of the field, laying of runways, construction of buildings and furnishing of other equipments, between Sept. and Dec. '46.

Among the work expenses, carriage of 48,452 cub. m. of soil was ¥2,661,399, of which the items are as follows:

Carried by	Capacity of Soil	Unit price	Total sum	Remarks
Cart (rail way truck)	(cub. m) 29,236	¥ 32.20	¥ 941,399	Dumped to the designated ground
Truck (motor-lorry)	13,168	100.00	1,316,800	Dumped to there round the work site, by 823 trucks in total
Boat	6,048	66.66	403,200	Dumped to the other place than the above by 504 boats in total

It was explained the carriage by a truck and boat was made in order to short the work period and also to avoid the confusion to be resulted from the carrying of soil to a dumping ground at a time by only a cart.

But the site of this work was some 700 meters from east to west and 130 meters in average from south to north, adjacent to a dumping ground extending over 370 meters, so it was a most suitable to carry and dump soil by a cart. The carrying distance in average by a cart was only 300 meters so totally 4,866 meters' track and 100 carts was enough to carry 1,060 cub. m. soil a day (10 cub. m. by one cart). Then, if we allow 50% of time for moving a track etc., some 70 days was enough to carry away the whole soil by only a cart. The days which the contractor has spent for digging and carrying soil was 97 days (including 13 raining days) and also the work was done at night by lighting equipments, so we consider

It was not necessary to carry 40% of

it was not necessary to carry 40% of soil by a truck or boat.

A million yen could have been saved if they had carried the whole soil by a cart.

(360)

The Hyogo Prefectural Gov't disbursed 27,736,000 yen (of which 14,160,608 in 1947 fiscal year) as the price of the fifth term construction of residences for the Allied Forces families in the area of Yewata, Nada-ku, Kobe City that had been let out in Nov., 1947 to the Nishimatsugumi Company, Ltd., and Nagayoshi Constructing Company, Ltd.

The above works consisted of stone-wall constructions and constructions of new roads following to the site of the residences for the Allied Forces dependents constructed at a hillside of the Mt. Rokko in Kobe City. As the result of the biddings made for each half construction of the whole area, the first area was awarded to and performed by the Nishimatsugumi Company and the second area by the Nagayoshi Constructing Company. However, there are some improper steps on the plan and execution thereof as follows;

(A) Of the above constitutions, the construction of a new westerly road was costed a huge expense of 9,712,135 yen. However, by reason that the site was very adjacent to a climbing way of the Mt. Rokko and that there was no level land around there, the stone-wall construction and 33,606 cubic metres pile of the soil were performed at the cost of 4,766,586 yen. Therefore, it was performed by almost piling the soil and the slope was steep and the road declined, and at the time of our spot audit in September 1949 it was partly collapsed and left almost unused.

It should have been anticipated easily that it is improper to make such a road construction in the area which had always been suffering from the soil collapse through downpours on account of the nature of the ground. Nonetheless, the Reconstruction Board originally planned this work, of which we deem to be improper.

(B) The rate for 38,120 cubic metres of the earth to be cut in the

second area, cost of which was ¥1,586,552, was calculated originally at 0.42 person per cubic metre prospecting the hard earth with gravel (estimated gravel to be excavated was some 7,000 cubic metres), and the excavated gravel was to be used for other works. However, as the result of the works, the ground was almost same as an ordinary hard ground in the nature. Also as the gravel included was only 700 cubic metres, some 620,000 yen was increased by a change of the plan as the supplementary expense of the gravel for the said other works which required the gravel. Nevertheless, the rate of the said soil cutting expenses was not changed.

Had the rate been altered to 0.3 person for an ordinary hard ground on the occasion of the above change of the plan, some 450,000 yen could have been cut down.

Re. 583, 306, 411

(361) - (365) Improper liquidation of engineering work expense

(361) Over-estimations in liquidating contractual engineering work expense has been brought to light as shown below by the actual survey on the works done at the time of our spot audit conducted on the work of quarters for the Allied Forces and of housings for their families.

(1) Yokohama Branch Office of the Special Procurement Board made a contract in November 1947 with Takenaka Engineering Co., Ltd. (general contractor) of cutting and grading in the second serial construction and 2 other works on the lot No.2 in Yokohama, for which the officials have disbursed ¥8,262,482 (inclusive of ¥6,732,000 for the fiscal year 1947).

Of the said amount, ¥7,741,198 for cutting and grading expenses has been liquidated as having been used for cutting some 47,920 cubic-meters of shale-rock for the purpose of site-extension.

By our site investigation in accordance with the perfect sketch, however, there was found partly an over-estimation in cutted ground. So we caused them to make an overall survey on the field, after which an over-estimation by some 2,316 cubic-meters equivalent to ¥302,189 has been brought to light.

(2) Miyagi Prefectural Office has disbursed ¥1,691,900 for the construction works of culvert under the Route A-3 in the Sendai area which have been let out to Nishimatsu-gumi Co., Ltd. in September 1946. Though the quantity of the reclaimed earth was actually some 6,060 cubic-meters, it was miscalculated for 9,964 odd cubic-meters in the liquidation in April 1948 owing to an erroneous drawing of map of earth mass calculation, by which some 3,903 cubic-meters equivalent to ¥251,324 was over-calculated.

The over-paid amount of this case, however, has been recovered by November 1949.

(3) Kanagawa Prefectural Office has disbursed ¥45,465,978 by a rough estimate for the construction works of engineering works in Nagai area

which had been let out to the Mishimatsu Construction Company in Sept. '46.

It was said as for the installing of water-supply pipes and water-induction pipes, the Company laid a cast iron pipe and eternit pipe 4,147 meters in total length and settled the accounts at ¥256,165 in July '48. But we have found only 3,814 meters or so were actually laid and ¥247,932 was excessively calculated.

Re. 321

(362) The Special Construction Office of Hokkaido District Office have disbursed Y 75,067,158,- (among which, Y 51,618,523 in, '46 fiscal year, and Y 13,297,180 in '47 fiscal year) , as the price for construction of 145 barracks for Occupation Forces at the district of Makomansai, Hokkaido , contracted with the Ito-gumi Co. Ltd. and 7 others, during June '46- Aug '47.

Among of the amount, ¥ 3,616.895 were the labour wages concerning the work of laying bricks, and were calculated according to the number of bricks handled by the contractor, 4,878,030 pieces in total at a rate of one bricklayer and one- three janitors for 400 of bricks; but these labour wages were to be calculated on the base of number of bricks used for the facilities of barracks actually, some 4,250,000 pieces, deducted those damaged in transit. The expenses for wage could have been decreased by some ¥580,000 by the above calculation.

Re. 208, 253,

(363) The Aomori Prefecture disbursed ¥545,177,400 (including 24,913,000 yen paid in the fiscal 1946 and 245,360,800 yen in 1947 for the second term works and 14 others of the Barrack Construction works for Allied Forces in the Misawa District let out to the Nishima tsu Construction Co between Nov, 1946 and Nov. 1948

In the connection, the following matters are deemed to be improper as the result of our spot audit practised in July 1949;

(1) Since each work of the above-mentioned construction was nominated to the said company at a rough estimate without any competition and works of the same nature was successively carried out, in comparison with the case where the work was carried out by various contractors, the temporary establishment expenses, hire of equipments and other miscellaneous expenses should have been considerably reduced. However, without considering these points, the liquidation was practised assuming each work to be independent and, for example, although only 24,403 "tsubo" of temporary establishments were actually constructed, there were estimated 34,954 "tsubo" of them (including those contracted by the Aomori Prefecture and succeeded to the Sendai Branch Bureau of SFB without liquidation).

Furthermore, the miscellaneous expenses amounted to 85,290,000 yen (including 6,740,000 yen of expenses for handling the materials given by Allied Forces) equivalent to 18% of the total construction costs of 458,170,000 yen. However, provided that each work of the construction was regarded as closely connected and that to this 10% which at that time the Reconstruction Board applied to the works more than 200 million yen in estimating the construction budget was applied, the expenses should have been reduced to about 46 million yen and the rest 39 million yen should have been saved.

(2) In the liquidation for the first term construction work, 5,877,399 yen was settled as the cost of cutting down 166,598 trees and of eradicating 377,066 roots (including those of the trees already cut down). However, since the felling dimension of the fore-mentioned 166,598 trees (diameters of which were from 5 "sun" to 1"shaku") was 416,497 square meters and consequently it worked out at one tree cut down per 2.5 square meters (0.76 "tsubo"), the rate was deemed to be extraordinarily undue, judging from the state of forest in its vicinity, other state of the spot and data concerned.

Upon our warning, the authority concerned, admitting that the right figures were 41,650 trees cut down and 94,222 roots eradicated, decided to make 5,952,669 yen of overpayment (inclusive of 643,707 yen of miscellaneous expenses) repaid to the National Treasury.

Re. 971

(364) At Yamaguchi Prefecture, the official disbursed ¥52,152,100 (including ¥37,212,000 paid in 1947 fiscal year), as the expenses for constructing works of Iwakuni Airfield, let out to the Akira Industry Co. Ltd. on Oct. 1947.

The Company who made a successful bid at ¥44,300,000 in the competition bidding by specified bidders on October, accomplished the works on June 1948, however, the payment therefor amounted to ¥52,152,100 as above-mentioned because of a change of the plan, etc.

Among of the increased amount ¥7,852,100, increase of the expenses for labor or temporary facility was seemed to be inevitable, but as for increase of material expense amounting ¥1,871,214 the total quantity of materials were decreased compared with the quantity of the original plan as seen on the following list. Nevertheless the total expenses were increased because unit prices of some materials were raised.

Materials	Quantity	Unit	Amount	Quantity	Unit	Amount
	cubic meter	price		cubic meter	price	
Crashed Stone	54,730	¥175	¥9,577,872	936	¥175	¥163,800
Gravel	40,348	155	6,253,940	68,268	273	18,669,820
Hoggin	34,090	165	5,624,998	18,956	292	5,551,360
Sieved Sand	17,045	110	1,875,005	5,467	149	818,050
Total	146,214		23,331,816	93,527		25,203,030

The authorities explain about the reason of raising of unit price, that as the loading place was crowded because of abrupt increase of picking quantity including sand supplied from Allied Forces, as the transport distance was extended because of change of picking place, and as the traffic of trucks previously estimated 5 rounds for a day were limited to only 2.7 rounds by limited traffic etc. the hire of truck costed so expensively: however, our investigation cleared that, even if the said reasons

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were allowed, the table of actual traffic round presented by the Hiroshima Railway Bureau which has transported the most of materials in question shows the traffic were 4.6 rounds in average for a day: so it should have been calculated at least 4 rounds for a day. We deem it was improper that the official calculated it 2.7 rounds and computed the hire at ¥25,203,030 just as requested by the contractor.

1947 fiscal year

(part 19) Post-war Disposal Expense

(Title 1) "

(Item 1) "

(365)

The Aichi prefectural officials made a contract in september 1946 with the City of Nagoya, of engineering work* for installing sanitary equipments which was a part of constructing work of residences for the families of the Allied forces' personnels at American Village, for which they paid ¥9,336,894 (inclusive of ¥ 6,095,000 for the fiscal 1946).

This engineering work was sublet by the City of Nagoya to Shoei pipe-engineering Co., Ltd. But comparing the itemization of the deed of liquidation of the work which has been authorized by the Board to be correct, after a spot audit with the map of the work actually done, there is a considerable discrepancy in the iron-pipes, etc. which are the main materials as well as in the pipe-laying materials, and that such materials as were not actually used are seemingly compiled likewise on the written liquidation.

For instance, as to one building of type-A residence, the written liquidation states that 500 k/g of iron-pipes, 575.3 feet of zinc or leaden pipes, 18 stopping valves and 6 ceramic pipes were used, but judging from the map of the work done only 150 k/g of iron-pipes, 207 feet of zinc or leaden pipes and 7 stopper-valves were actually used, and that no ceramic pipe was used at all.

The above materials expense shows even in itself a variance of some ¥7,900; there are likewise an over-estimation in labour expense, freight expense and miscellaneous expenses. After the full calculation, though

the liquidated amount of one type-A residence is stated as much as ¥54,567, yet in reality some ¥ 35,000 comes to be sufficient and the former is excessive by 50% over the latter.

The work consists of similar engineerings for 129 houses; and even though a slight differences are found in materials in accordance with the variety of the residences, the liquidated amount are generally over-estimated as shown partly by the above example. Therefore, if any examination had been conducted on them at all, some ¥ 3,000,000 might have been saved in the whole expense of the work.

- (366) Improper Measure in reference to a Contract for gas supply
(Part 18) post-war disposal expense
(Title 1) "
(Item 2) post-war disposal work expense

The special procurement board has paid ¥ 265,823,836 to the Tokyo Gas Co. during 1948 fiscal year, as the cost of 50,043,165 cub.m. of gas supplied for heating and cooking to the housing of Allied Forces' personels and its annexed institutes in yoyogi district. As it was impossible to compute the actual consumption of gas since the beginning of service on April '47 because of no equipment of a meter, it calculated the daily consumption in each house based on an hour's standard consumption and supposed time consumed, which was;

120 cub.m. for April -June and Oct. '48
82 " for July - sept.
195 " for Nov.
245 " for Dec. - March '49

The daily average quantity of the above, 158 cub.m. is about 3 times of the actual daily quantity in each house (45 -54 cub. m) in the districts in which a meter is installed such as Tokyo B (behind of the Metropolitan Police), Tokyo C (the former house of prince Kanin) or Nagoya (American village) in the 1948 fiscal year. such an extreme difference is hardly considered though there might be a difference in some degree between each district so it should calculate the quantity considering the actual condition in other districts. It was improper, we deem, that it has been continuing such an over-estimation as above-mentioned without any consideration.

Later on June '49, it was directed to determine the quantity by metered readings by the Allied Forces and 24 houses were fitted with a meter.

The result was 27 cub. m. for June and 19 cub. m. for July. On the while, it was tried to stop a general supply and to calculate the quantity supplied actually to the district in question. The result was 26-30 cub.m. a house. Thus it decreased the quantity arranged with the company to around one fourth of the said calculation.

Besides as for the whole quantity of gas supplies by the company, a leak was calculated 4,092,643 cub.m. after deducting the consumption from the average supply a month 10,505,214 cub.m. between Jan. '46 and Feb. '47 but it was decreased to 2,406,019 cub.m. among the supply of 20,562,995 cub.m. between April '47 on which the service to the district in question was commenced and March '49, and it was again increased to 3,385,975 cub.m. among the supply of 23,333,700 cub.m. between June on which the quantity arranged with the company was decreased according to the examination as abovementioned and Aug. of the same year.

As above, the fact that a gas-leak is decreased considerably for the period in which gas has been supplied to the district in question without equipment of a meter shows an over-estimation of the quantity arranged with the company for such a period.

Re 313, 349, 532, 730

(367)-(369) Improper measure in reference to Arrangement of
an Electric fee

(Part 18) Post-war Disposal Expense

(Title 1) "

(Item 2) Post-war Disposal Work Expense

As for a charge based on the electric supply contract for the various facilities of Allied Forces, a basic fee by the contracted capacity together with a fee by actually consumed capacity is paid. The former is to be basis of payment for a long term, so it must be decided after a sufficient investigation of actual results of consumption. As a rule, a contract is made based on the maximum capacity for consumption in case it exceeds 500 KW. But as for the Allied Forces, they have rather large-sealed facilities compared with a capacity they consume. Yet we found many cases where a capacity of transformer is decided as the contracted capacity without any consideration of actual results. Also as for an electric fee in occupied houses, there are not few cases where there is no meter and a fee is paid by a quite excessive basis compared with actual consumption, as seen in the followings.

(367) Special Procurement Board and Saitama Prefecture have paid 115,687,102 during 1948 fiscal year to the Kanto Elec. Supply Co. as a fee for the Allied Forces at Narimasu and 8 other districts.

The contract was made by Saitama and 2 other Prefectures as for Asaka and 3 other districts and by Central Liaison Office as for Narimasu and 4 other districts, then transferred to S.P.B., in which the Maximum capacity of transformer was decided as a contracted capacity in each. Consequently, a contracted capacity reached to more than two times of the maximum consumption generally. It was almost 3 or 4 times at Narimasu, Yoyogi

district in which there has been a considerable capacity of consumption.

If the contract had been made by the capacity included 20% allowance for the maximum consumption, some 22 million yen might have been saved in the said payment.

(368) Sendai Branch of S.P.B. has paid totally 39,045,952 yen an electric fee for the Allied Forces in Kawachi and 3 other districts, Miyagi Pref. to the Tohoku Elec. Supply Co..

The contracted capacity was 3,000 KW(4,000 KW after May '48) in Kawachi, 2,500 KW(3,000 KW after the same month) in Haramachi, 1,500KW(2,000KW after the same) in Taganojo and 1,500KW in Yamoto respectively. These were all within the maximum capacity of transformer in each district, however, the actual results of consumption was only 1,700 KW in Kawachi, 1,500 KW in Haramachi, 800 KW in Taganojo and 500 KW in Yamoto. Nonetheless, the officials have not changed the contracted capacity considering an actual consumption in the past, instead, they have increased it in each district except Yamoto, compared with the one at the beginning of 1948 fiscal year when the contract had been transferred them from the Prefectural Office. In this case, if the contract had been made by the capacity adding 20% allowance to the maximum consumption in the past, some 5, 4 million yen might have been saved.

(369) The above Branch has paid to the said company 22,214,055 yen in total as an electric fee for the occupied housings etc. in 6 Prefectures of Tohoku district and Niigata Prefecture, in which there is no meter fixed.

To decide the capacity of electricity to be supplied for these houses, the officials decided, on April '48, the maximum capacity to be demanded, by a capacity of transformer or fuse and made the contract fixing a daily consumption to 14.6 hours during from Oct. to March and 7.9 hours from April to Sept. (7 hours through the year

in Miyagi Pref.) But such a measure was not proper to fix the Maximum consumption and also it was too excessive that the daily hour of consumption was fixed to an increase of 80% during from Oct. to March and 50% from April to Sept., compared with a daily hour of consumption in the district in which an electricity is supplied by this company.

In the case abovementioned where the payment reaches to a vast amount, it is considered to fix the capacity of electricity by fixing a meter on trial, and the like at first. They are now going to fix it by an advice of the Board made on Feb. '49, and the results until July show a considerable decrease of an average consumption, compared with one without a meter.

(370) Improper measure in paying a hire of bus

(Part 18) Post-war Disposal Expense

(Title 1) "

(Item 2) Post-war Disposal Work Expense

Special Procurement Board has given on Dec. '47 the Teisan Automobile Co. the contract of a bus service and paid 276,023,810 yen to them as a charge for the service in 1948 fiscal year. This service was for Allied Forces in Tokyo district with 100 buses, 18 hours daily each, which was divided to an hour of regular service extra service and waiting.

The payment was made according to the charge for reserved bus approved by the Price Board, that was ^{for 8 hours a day, ¥560} 4,500 yen per one hour for extra service and 340 yen per one hour for waiting.

Now the amount paid in March '49 is;

Regular service (8 hours);	3,100 buses(24,800 hours)	13,950,000 <u>yen</u>
Extra service	; 16,864 hours	9,443,840 <u>yen</u>
Waiting	; 14,136 hours	4,806,240 <u>yen</u>
Total		28,200,080 <u>yen</u>

(1) The above shows the service for this month was totally 41,664 hours (100 buses motored 13.5 hours daily in each), but the consumed gasolin was only 37,577 gallons (142,245 litres). While the service hour calculated by this quantity on the basis of 3.3 k.m. (added 20% to 2.7 k.m. a basis approved by the price Board) per one litre (19.2 k.m. an hour) is 32,198 hours (including 2.5 hours of no-motoring among the regular service hour). So the proper extra service is 7,398 hours deducted regular 8 hours from the above. There is no doubt 16,864 hours shown in the above was over-estimation.

(2) The waiting hour in the question is the whole hour deducted an actual motoring hour from the said 18 hours and quite differ from a general case, so a general charge should not be applied.

The officials concerned now recognized 160 yen will be proper after investigation by an advice of the Board.

Then if we calculate the amount to be paid the basis of the above;
Regular service(8 hours), 3,100 buses(24,800 hours), 13,950,000yen

(Unit price is 4,500yen)

Extra service, 7,398 hours 4,142,880yen

(Unit price is 560yen)

Waiting 25,152 hours, 3,776,320yen

(Unit price is 160 yen)

Total 21,869,200yen

This results in some 22% of reduction (6,330,880yen) compared with 28,200,080 yen actually paid; Totally, some 60 million yen might have been cut.

The followings are the cases where the payment was made likewise the abovementioned case.

Dept.	Co.	Amount paid in 1948 fiscal yen	Bus served
S.P.B.	Kokusai Automobile Co.	107,683,836	35-50 (for hotels in various districts)
	Kokusai Kogyo Automobile Co.	75,224,049	25 (same)
	Eastern Motors Co.	60,099,580	20-30 (<u>Yokohama</u> district)
Nagoya S.P.B.	Kansai Teisan Auto. Co.	34,316,929	7 (<u>Nagoya</u>) 5 (<u>Gifu</u>)
Osaka S.P.B.	"	91,648,880	15 (<u>Kobe</u>) 20 (<u>Osaka</u>)

Re 468, 587

(371) Improper application of official prices

(372) (Part 18) Post-war Disposal Expense

(Title 1) "

(Item 2) Post-war Disposal Work Expense

(371) The Special Procurement Board has disbursed December 1947 thru July 1948, the purchase price and delivering expenditure of apples for the Allied Forces totaling 89,781,759 yen (including 51,908,291 yen in the fiscal year 1947) to the Aomori Apple Association.

Of the sum, 1,715,000 compiled as refrigeration fee was 7 months' rent of 350 square tsubos of refrigerators and calculated as 700 yen per square tsubo for one month based on the Price Board Notification NO. 253 dated April 27, 1948. Meanwhile, it was during the 7 months period from October 1947 until April 1948 that the said Association was actually borrowing the refrigerators, therefore we gave the official concerned an advice that the unrevised official price should be duly applied to the rent up to April 26. In conformity with our advice, they re-applied the previous official price of Price Board Notification NO. 298 dated June 16, 1947, after which they calculated the sum on the basis of yen 2.30[^] per one sai. In view of the above sum as well as 243,666 yen which was loading and unloading price paid by the said association, we have deemed proper of the total sum of 878,591 yen, therefore the excessive amount of 836,408 yen has been ordered by us to be refunded.

(372) The Yokohama Branch Office of the S.P.B. has disbursed to the Pilot Association of the Tokyo Bay Pilot Quarter the pilot fee for the fiscal 1948 of 9,478,917 yen (inclusive of 1,556,848 yen in the fiscal 1949).

This amount was paid at the controlled price (inclusive of vessels-maintenance expense, charterage, etc.) provided for by the Detailed Enforcement Regulations of Pilot Law. With respect to this service, however, the Kanto Maritime Bureau and the Yokohama Marine Safety Board HQ. had heretofore given the said association an authorization of using the ex-Naval aircraft-carrier "Akebono-maru", a 226 tonner, by the order of the Allied Forces issued in November 1947; the whole expenditures concerning the crew, fuel and repair, etc. of the "Akebono-maru" had to be shared by the State. Therefore, it is deemed to be proper for the office concerned to either collect separately the rent of "Akebono-maru" or pay after discounting the due amount from the abovementioned fee in consideration of vessels-maintenance expenditure, etc. It is improper for the office not to have taken any such step yet.

(373) Improper measure in paying a transport fee by powered lighter

(Part 18) Post-war Disposal Expense.

(Title 1) "

(Item 2) Post-war Disposal work Expense

The Yokohama Branch Bureau of the Special Procurement Board disbursed 774,855,129 yen to the OGAWA marine and Land Transport Co. and 6 others for the transport fee by powered lighters during the fiscal 1948.

Although only a part of the contractors concerned owned a few lighters and the rest of them sublet to lighter transport agents in the Keihin area, there was included in the fore-mentioned fee the sailing expense equivalent to 20% of the total sum of charges and demurrages (proportionate to the controlled transport fare by powered lighters for general use) of the controlled transport fare by wooden barge for the Allied Forces up to June 1948 and after July, of the revised transport fee by powered lighters for general use, respectively (decreased in order, when the payment per month for a company exceeds 5,000,000 yen), and of 448,511,739 yen disbursed from April to Oct. 1948, 70,125,747 yen was the fore-mentioned expense.

The maximum rate of the expense of this sort in the ordinary barge owners was usually 10%, and according to our investigation of 4 Contractors of the same nature, the rate was 5 to 8%.

In comparison with this, the fore-mentioned expense is deemed to be improperly dear, granting that the transport is a special service based on the procurement demand of Allied Forces.

Still more, it is especially improper that the official disbursed according to the claim of contractors who demanded the sailing expense equivalent to 20% of the controlled fare of transport for Allied Forces in addition to the ordinary fee, despite that the fee was based on the expensive general rate after the controlled freight fare by powered lighters for general use was revised by more than twice in July 1948.

(374) - (375) Improper Payment of Rent of Refrigerator
 (Part 18) Post-war Disposal Expense
 (Title 1) Post-war Disposal Expense
 (Item 2) Work Expense for Post-war Disposal

(374) Improper contract for borrowing refrigerators

Hyogo Prefectural Government has paid ¥92,259,399 to the Kawanishi Warehouse Co., Ltd. during the fiscal year 1948, as a hire for borrowed refrigerating-houses.

This amount was the compensation for 4,456.62 cubic tsubo type A and 365.2 cubic tsubo type-B totalling 4,821.82 cubic tsubo refrigerators for the exclusive use of the Allied Forces, which had been reached an agreement after applying the controlled rate of lot-hiring of refrigerators. The refrigerators concerned had been subjected to overall occupation and the exclusive use of the Allied Forces, consequently all^{of} the stored goods was managed by the hand of the Armed Forces. So seemingly charged with the maintenance and custody of the said refrigerators, the company never expensed labour expense for putting in and out of the stored goods or any incidental business expenses. Therefore, the prevailing rate of refrigerators-hiring should not be literally applied to this case, instead there should be much room for a considerable discount of it.

Moreover, there are otherwise six similar cases as follows:

Disburser	Class of ice-house	Capacity (Cubic tsubo)	Disbursed 1948 (¥)	Contracted with
S.P.B.	Class A	905 20	22,103,429	Nippon Cold-storage Co., Ltd
	" B	256		
"	" A	233 89	5,409,803	Kuzuhara Industrial Co., Ltd.
	" B	59 14		
"	" B	193	1,495,832	Nippon Cold-storage Co., Ltd
Yokohama Branch of S.P.B.	" A	406 20	7,943,677	"

Osaka Branch of S.P.B.	"	A	872	29	30,012,049	Takara-bune Cold-storage Co., Ltd.
	"	B	873 6	34		
Kure Branch of S.P.B.	"	A	276	80	5,652,945	Nippon Cold-storage Co. Ltd.
	"	B	120	70		

(Re. 460)

(375) Yamagata Prefectural Office has disbursed ¥ 1,308,111 on Sept. '48 as the hire of an ice-room (44 cubic tsubo) which has been offered for the use of the Allied Forces, to be paid to the Yamagata Ice Company, among which ¥ 72,861 was the hire for April-June period estimated by the controlled hire of an ice-room and ¥ 1,235,250 was the hire for April and May of the special equipments accompanied by hiring the ice-room.

As for the hire of special equipments abovementioned, the company had to operate the special ice making equipments as a result of an offer of ice-room and also in order to deliver an ice otherwise demanded by the Allied Forces. The necessary quantity of an ice was some 3 tons to be used in the ice-room and some 2 tons to be delivered to the Allied Forces, totalling 5 tons, nevertheless they were forced to operate wholly the equipments capable to make 15 tons daily, by the condition of equipments of the company.

So it resulted in 10 tons of waste daily except June-Sept. period in which an ice can be sold for a general supply, then the office paid the amount equivalent to the selling price of sellers for 10 tons of an ice as the expenses for wasted operation, that was ¥ 607,500 for April and ¥ 627,750 for May (¥ 7,500 per one ton).

But, the factory has not been making an ice for a general supply in April and May, before it started the said service for the Allied Forces; so the office should not have to pay the selling price of sellers but to pay only necessary expenses for wasted operation, which was not over the selling price of manufacturers at most, that was ¥ 243,000 for April and ¥ 251,100 for May (¥ 5 per ton.)

Re 324

(376) Improper Payment of Cost of Purchased Round-head Nail

(Part 18) Post-War Disposal Expense

(Title 1) Post-War Disposal Expense

(Item 2) Work Expense for Post-War Disposal

The Osaka Branch Office of SPB disbursed ¥ 17,304,375 as the cost of 11,695 barrels of the round-head nail that had been bought in June, 1948 from the Iwai Industrial Company, Ltd. and four others.

The above purchase was done on conditions that the contract amount be ¥ 9,063,490 determined on the basis of the wholesale trader's sales price of the controlled price of the round-head nail at the time of the contract, and that the contract amount be altered following a revision, if any, of the controlled price, fixing the time limit at June 30 and July 10 for each half supply. As the controlled price of the round-head nail was revised on July 1, the Office altered the contract amount to the said ¥ 17,304,375, applying the new price to the articles supplied since the date of revision. However, the actual supply up to June 30, former time limit of half quantity, is only 510 barrels (some 9% of 5,847 barrels to be delivered). Nevertheless, the Office applied the new price to even those lately delivered according to the actual supply without considering the original time limit.

The authorities approved additionally in September an application submitted by the traders on July 10 or thereabouts so as to postpone the latter time limit to July 31 by reasons of ill conditions of power supply, delayed process to inspect and pass samples etc.. However, the results of our spot audit conducted in August 1949 show that the then power situation could not especially be deemed ill and that the majority of written approvals for the sample examination was received in June 1948, and further that among 4,863 barrels manufactured in June by the traders only those inspected and passed by the Osaka Branch Office of

SPB come up to 4,211 barrels. From this, it was needless to postpone the time limit and apply the new price to the delayed supply. We deem it is improper. If the Office had made the manufacturers to deliver immediately 4,211 barrels that passed the examination in June and purchased them at the new price, some ¥ 2,600,000 could have been saved.

(Re. 341)

(377) Improper Purchase of Woods

(Part 18) Post-War Disposal Expense

(Title 1) Post-War Disposal Expense

(Item 2) Work Expense for Post-War Disposal

Okayama Prefectural Office has disbursed ¥ 1,321,655 as the purchase price of timbers, on the assumption that it had purchased 1,312 koku of timbers for the maintenance and management of the Allied Forces' buildings from Okayama Agency of Hiroshima Branch-office of Teihei Wood Co., Ltd, on April 1948.

We investigated in this connection at our spot audit in August 1949 by which we found a fact which follows:--

The prefectural office concluded a contract, dated April 13, of purchasing 2,520 koku of timbers at ¥ 1,321,742 and forged the relative documents as if the inspection 1,312 koku was finished on the same day.

In June the office outlayed and paid ¥ 1,321,655 as the price for the 1,312 koku at the price revised in the same month. But, in fact, it was not until August that the office ordered the company to deliver 991,917 koku (which was equivalent to the paid price, calculated on the basis of the price system risen in July). It was by no means proper that the said office made a disbursement by forging the documents in this way and that it was forced to pay at the hiked price on account of a delayed delivery of timbers.

(Re. 444) (378) Improper Purchase of Vessels

(Part 18) Post-war Disposal Expense

(Title 1) Post-war Disposal Expense

(Item 2) Work Expense for Post-war Disposal

The Hiroshima Prefectural Gov't disbursed ¥2,218,202 in August 1948 to the Kitano & Co. as the purchase price of a high-speed ship, the "Gamome-maru" and two other ships.

The above ships were originally set in a schedule, at the time of being requested by the Allied Forces, to be bought and supplied to the Army, respectively. However, they have been treated as the chartered ship through misunderstanding of a mark of the Army's local P.D. At the end of 1947, on the occasion of renewing the local PD to the central PD, the authorities received a notification to the effect that no central PD for the charter could be issued because the ships concerned ought to have been purchased and rendered at the time of the requisition thereof. Consequently, the Prefectural Gov't purchased them in August 1948.

All of the ships in question, however, were released from requisition in June and August 1948. Therefore, we deem it improper to have purchased them in August when it was evident that the ships be useless in future. The authorities said that they purchased the ships because it was impossible to pay the charter fee (¥65,676 for 3 ships per month) since January. But the charter fee concerned was able to be paid until April 1948, and also we deem it was enough to take some steps to indemnify for the subsequent fee.

(Re. 441) (379) Improper payment of Motor-truck Freightfare

(part 18) Post-war Disposal Expense

(Title 1) Post-war Disposal Expense

(Item 3) sundry Work Expense for Post-war Disposal

The Fukuoka prefectural officials made in the fiscal 1948 a contract with Koga-gumi Co., Ltd. (general contractor) of disposing of explosive compounds, for which they paid ¥9,848,762.

Among the sum was contained ¥1,632,210, which was an hazard premium for the motor-trucks mobilized for the said operation. This was the amount ^{paid} equipment to around 100% of the basic hire to be added thereto as an hazard premium of danger transportation by 911 trucks of explosive compounds dug out of kokura and moji area to the designated center. However, the actual quantity of the explosives disposed of during the fiscal 1948 has been acknowledged as only around 165 tons, of which some 94 tons consisted mostly of one-ton bombs and mines, and the rest 71 tons or so consisted of dynamites, various sorts of bullets, cannon-balls, cartridge, etc.. Therefore, the transportation of the former was supposedly covered by 100 trucks even though each of them was carried by each truck, and that of the latter by 150 trucks even though the capacity per truck was half a ton; over which the alleged 911 trucks are deemed to have been too excessive. According to a further explanation of the official concerned some of these trucks has also been used for the exclusive traffic of the laborers as the digging spots of the explosives were in the distance and inaccessible to communication. It is by no means proper in this case that the hazardous premium was also computed in addition for all these trucks.

(380) Much Receivable Money caused by Improper
Payment of Compensations

(Part 18) Post-war Disposal Expense

(Title 1) Post-war Disposal Expense

(Item 2) Work Expense for Post-war Disposal

The official of Chiyoda Liaison & Labour Administration Office of Tokyo Metropolis had doubly paid ¥944,865 due to their carelessness in paying compensation.

The case follows: The Chief-accountant of the Metropolis who was concurrently an accounting officer with cash funds advanced delivered in September 1948 out of the Metropolis' funds a total sum of ¥944,865 as a partial payment of supplementary compensation which had accrued in June and July, to a certain Kimura and 507 other labourers serving the Allied Forces as a result of the revision of payroll system. The business of paying various payroll such laboures, however, transferred subsequently to the said Liaison & Labour Administration Office. This office also paid in October the round sum of the said supplementary compensation, which was the very reason of the double payment.

In this connection, some ¥244,865 of the doubly paid sum has been refunded, but the remaining sum of ¥700,000 has not been recovered as late as in December.

(381) Surplus Payment of Dismissal Allowances

(Part 18) Post-war Disposal Expense

(Title 1) Post-war Disposal Expense

(Item 2) Work Expense for Post-war Disposal

The Yamaguchi Prefecture disbursed ¥19,997,628. during April '48 June '49(¥ 671,644. was disbursed in '49 fiscal year) as the payment of dismissal allowances to the labourers serving for Occupation Forces, among of which some ¥5,630,000. was paid in excess.

It was caused as follows: in paying the dismissal allowances, 30 days' wage of daily average, to the labourers dismissed at the Iwakuni Liaison and Labour Administration Office and other seven offices in Yamaguchi Prefecture, the authorities should have to divide the whole income of the preceding three months by the calendar day, according to the "Regulations concerning the Payment of Dismissal or Retiring Allowances for Employee serving for Occupation Forces" on calculating^{la} the average daily wages to be the foundation for computing the dismissal allowances, nevertheless they divided the said whole income by the day which they have worked actually.

Re 90

(382) Improper Delivery of Subsidy

(Part 18) Post-War Disposal Expense

(Title 1) Post-War Disposal Expense

(Item 2) Work Expense for Post-War Disposal

Kanagawa Prefectural Office has granted the prefecture of a public body ¥ 11,224,086 on July '48, as the subsidy for pavement work between Tsurugamine and Kamikewai of Hodogaya-Ku, Yokohama city, among which ¥ 10,775,814 was not needed to be subsidised at that time.

This work was to be made in 1947 fiscal year but carried forward to the next year by difficulty of getting materials and suspended on April '48 because it was not based on P.D..

So it was enough to subsidise ¥ 448,272 equivalent to the amount of work at that time (about 4%), nevertheless the prefectural office delivered the subsidy for the whole expenses of planned work, without any consideration.

(Re. 317. 00) (383) Extraordinary Delay of Payment
(part 18) Post-War Disposal Expense
(Title 1) Post-War Disposal Expense
(Item 2) Work Expense for Post-War Disposal

Concerning the expenses for termination of war, there was a large amount of the sum the payment of which was delayed despite that the state bore liabilities and in the budget for the 1949 fiscal year, 17,443 million yen was especially estimated as the expenses for established procurement for termination of war in order to liquidate the outstanding liabilities charged on the state before the fiscal 1948.

To be insolvent in the due fiscal year is attributable to the fact, for instance, that a large amount of contracts were concluded regardless of the payment plan, that payment business and liaison work were done in a dilatory way, that liquidation of the roughly estimated contracts was delayed and that the creditors were late in submitting applications for payment, but it is remarkably improper to bear a large amount of liabilities exceeding the appropriation.

Contracts in excess of the budget increased year after year up to about 15 billion yen at the end of the fiscal 1947 and approximately 19 billion yen at the following year end. The authority concerned, disbursing the fore-mentioned expenses for established procurement, tried to discharge the dues, but until the end of July only 6,300 million yen, 33% of the sum, was paid.

The followings are the instances of undue debts and delay of payment in the fiscal year 1947.

(1) Unpaid sum concerning the civil engineering and construction works, maintenance works and services reached 13,704,339,000 yen up to the end of the fiscal 1948 and until the end of July^{'48} only 5,272,466,000 yen was discharged.

When a contract of service has been cancelled, a sum equivalent to the retiring allowances of employee must be paid to a contractor but at the end of Sept. 1949 there was 114,512,000 yen unpaid for 248 contract dissolved until the end of the fiscal 1948.

(2) Concerning the rent of expropriated residences and land, 483,087,000 yen was outstanding at the end of the fiscal 1948 and at the end of Sept. 1949, 209,477,000 yen remained to be paid mainly due to the delay in conducting business accompanied by the rise in the rent notified in March 1949.

(3) Although the payment against the presentation made until April 14, 1948, and not based on the regular procurement demand had to be completed up to the end of Sept. according to SCAPIN No. 1872 issued March of that year, 405,064,000 yen for 1,550 cases turned to be insolvent on account of the expiration of the term according to our investigation on Sept. 1949.

The instances were:

(A) There is 17,074,713 yen for 225 cases in Tokyo Metropolis which cannot be disbursed because of the expiration of the term on Sept. 30, 1948 due to the delay in the organization of documents despite that expenditures were authorized and allocated by the Finance Ministry per every case.

(B) The cost of the construction work of power plant in Miho barracks which the Tottori Prefecture contracted with Sanyo Shokai Co., Ltd. in March 1947 and was ordered to be cancelled in Oct. was 3,363,592 yen. However, as it was as late as August 1948 that the amount of the sum was decided and furthermore the subsequent disposition was delayed, after all, 1,296,592 yen of the sum, from which 2,067,000 yen paid in advance at a rough estimate was deducted, turned to be unable to be disbursed.

Re 340 (384) Illegal Payment, etc. by using a Fictitious Name
 (Part 18) Post-War Disposal Expense
 (Title 1) Post-War Disposal Expense
 (Item 1) Business Expense for Post-War Disposal

At Fukuoka Bureau of Special Procurement Board (SPB), the official disbursed during the period from April 1948 to April 1949, ¥ 1,168,150 (including ¥409,740 for the fiscal 1949) from the budgetary item above and also from rent and hire, or copying-fee under the Item of special supplementary expense for price adjustment, etc.; and borrowed ¥ 1,750,000 in October 1948 from the Fukuoka Bank in the name of the Director of the Bureau.

It is that as the bureau had come destitute of appropriations for social expense etc., the official disbursed ¥ 1,168,150 in the fictitious name, and after deducting ¥ 26,761 of withholding tax, they held the balance of ¥ 1,141,389 together with the said borrowed money of ¥ 1,750,000, totalling ¥ 2,891,389. They used ¥ 2,343,562 out of the above on the inauguration ceremony, preliminary assemblies, reception and other expenditures, and paid the balance of ¥ 547,827 to the said bank as payment on account and interest to the loans. Their management is in no way proper.

Re 314

(385) Check, Swindled

(Part 18) Post-War Disposal Expense

(Title 1) Post-War Disposal Expense

(Item 2) Work Expense for Post-War Disposal

Tokyo Metropolis was Swindled in May 1948 of ¥ 489,634 as the official misdelivered 2 checks which were to be delivered to a certain Metsuura, an agent of Tokyo Hospital Administration Office, B.C.O.F., to a person who presented a forged receipt.

(Re. 352.00.) (386)-(396) Loss caused to the state by employees' crimes
(part 18) Post-war Disposal Expense
(Title 1) Post-War Disposed Expense
(Item 1) Business Expense for Post-War Disposal
(Item 2) Work Expense for Post-War Disposal

The cases where the concerned employees' crimes have caused loss to the state in relation to the management of postwar disposal expense are totaled to 11 cases as follows and the vast amount is involved therein. Almost all of the crimes were committed by means of either forging relative documents or abusing official seals, which are one and all deemed to be resulted from the insufficient supervision, the destitution of responsibility of the personnels charged with accounts, etc.

(386) - At the Special Procurement Board, a certain Matsumoto and 2 others, the employees of Accounting Department, in conspiracy with outsiders, swindled ¥246,789 in both March and April, 1948. But ¥73,781 of the involved sum has been indemnified up to June 1949.

(387)- At Sapporo Public Labour Security Bureau in Hokkaido and Sapporo Liaison & Labour Administration Office, a certain Nakagawa, an assistant clerk, while serving as an assistant to the imprest officer, swindled some ¥442,503 during the period from April to July 1948. (cf. Chapter 8)

Furthermore, (a part from the above) at the same office, during the same period, a certain Ohiba, assistant clerk has usurped ¥442,242. (referred to No. 232 in 1947 fiscal year's Audit Report)

(388)- At Makomanai Liaison & Labour Administration Office, District of Hokkaido, a certain Sasaki, an imprest officer had accommodated during the period from September 1948 to March 1949 ¥2,160,077 which was an advanced cash, to a certain Kudo who was a clerk of the office of Hokkaido-District and was charged with the management of the sum as the fund for purchasing commodities for labourers. Of the sum, however, ¥970,140 was abused for his selfish purpose. Some ¥655,000 among the accommodation has been repaid; ¥233,337 which was the proceeds among the stores estimated

has been repaid; ¥223,537 which was the proceeds among the stores estimated at ¥543,937 equivalent to the rest has been recovered; and ¥248,649 among the ¥970,140 abused by Kudo has been indemnified up to October.

(389) - At Otaru Liaison & Labour Administration Office, District of Hokkaido, a certain Meada, the imprest officer usurped ¥6,907,656 during the period from July 1948 to April 1949. ¥235,540 among the sum has been recovered up to October.

(390) - At Otaru Liaison & Labour Administration Office, District of Hokkaido, a certain Sasaki, part-time staff, while on duty as an assistant to the imprest officer, has absconded with an advanced fund ¥ 88,354 in April 1949. Of which ¥17,957 has been recovered up to September.

(391) - At Haranomachi, Liaison & Labour Administration Office, Miyagi Prefecture, a certain Hario and another, part-time staffs, while serving as assistants to the imprest officer, obtained by fraud ¥ 197,231 during the period from January to April 1949. Of the sum, ¥105,899 has been indemnified up to October.

(392) - At Yokosuka Liaison & Labour Administration Office, Kanagawa Prefecture, a certain Asakawa, employee, while serving as an assistant to the imprest officer, swindled ¥1,532,130 during the period from August 1948 to May 1949.

(393) - At Kyoto Liaison & Labour Administration Office, Kyoto Prefecture, a certain Otani, assistant clerk, while serving as an assistant to the imprest officer, has absconded ¥ 346,048 in February 1949.

(394) - At Higashi-Kobe public Labour Safety Office and Onohama Liaison & Labour Administration Office in Kyoto Prefecture, a certain Kurihara, imprest officer, and 7 others, during the period from March until November 1948, have not only abused ¥1,038,600 which was a payable allowance for labourers and made a loan of ¥ 1,611,846 to 27 employees and outsiders from the cash under custody, but also caused ¥97,198 the use of which is unknown.

But, ¥ 449,333 of the loan has been recovered up to April 1949.

(395)- At yawata Liaison & Labour Administration Office in Fukuoka prefecture, a certain Uryu, chief of allowance sub-unit and 10 others, while serving as assistants to the imprest officer, during the period from around November 1947 to April 1949, abused ¥1,397,654 among the sum drawn by check through an abuse of official seals and ¥ 70,942 under the custody of the imprest officer as well as ¥ 101,008 payable allowance for labourers, totalling ¥ 1,569,600. Of which, however, ¥ 640,328 has been indemnified up to October.

(396) - At saseho Public Labour Safety Office and saseho Liaison & Labour Administration Office in Nagasaki prefecture a certain Murai, part-time staff of the safety office and 44 other persons have swindled ¥17,285,079 during the period from September 1946 to October 1948. ¥1,548,480 of the said amount, however, has indemnified up to November.

State Articles.

(397-419) Improper Purchase and Custody of Articles.

The articles for the use of the Allied Forces kept in custody of S.P.B. and each its branch bureau are amounted to, as on the end of Aug. 1949, some 430,000 tons (around ¥7,6 billion) of materials for constructing their housings and for maintenance and repair of them, and some 250,000 tons (around ¥2.4 billion) of articles released from procuring, totalling some 690,000 tons (around ¥10,1 billion), among which a greater part of materials for construction and maintenance (some 410,000 tons, ¥7,1 billion) are forced to be disposed of within the country together with those released from procuring (estimated revenue is some ¥5.1 billion). Such a great deal of disused articles are considered to have been caused by improper measures of the department concerned, though there might be some room for consideration such as speciality of these goods.

On 1946 and '47 when the constructing works were actively done they were quite busy to procure the materials, and until May '48 either the War-damage Reconstruction Board (W.R.B.) or S.P.B. charged with contract of purchase and distribution of materials, have not secured the quantity of materials kept by them. And due to an insufficient liaison between the central department and the field offices etc, there have been found many cases where they purchased unnecessary or disqualified articles, or estimated excessively the quantity of materials for maintenance and repairing, and also neglected necessary measures when the government-supplied materials were changed to be charged on the contractors, resulting in a great deal of loss of the state including custody or transport fees needed for these materials.

Further there are not few improper cases where they damaged the materials due to improper custody, nevertheless paid an ordinary custody fee for them, or there have been a lot of difference between the quantity of actual goods and on books.

The main improper cases are as follows:

(I) Cases where they purchased unnecessary goods and leaving them in store.

(397) S.P.B. and each its branch have in stock, at the end of April '49, 200,678 feet of a gas exhaust pipe amounting to ¥93,144,200. On Dec. '46, W.R.B. contracted with Ashikaga Metal Plate Industrial Co. for purchasing 250,000 feet of pipe and 217,908 feet was delivered as late as on April '49. Yet the pipe in question was not needed after July '48 so they should have cancelled the contract immediately, and it was only 16,536 feet that used actually,

This was due to the fact they distributed these pipe to the districts where there was no gas supply, or others were used instead of them because of delayed delivery. The custody fee paid for these pipes was amounted to ¥1,705,470 until March '49. Besides, there were 32,092 feet of shortage due to improper inspection for receipt, causing ¥22,376,967 of overpayments, among which ¥3,982,429 has been repaid as on Nov. '49.

(398) As on the end of March '49, each branch of S.P.B. has in custody 41,499 drums of water-proofing (cement-waterproof). These are the remaining of 44,100 drums which W.R.B. purchased during from Oct. '46 to April '47 from the Osaka Prefecture Cement-waterproof Works Control Association (the cost was ¥87,497,994 and miscellaneous expenses for delivery and transport etc. was ¥5,330,655), yet it was only 785 drums that were used actually and the rest has been almost stored unused for more than 2 years. The effects in question contain 90% of water in it so we deem it was enough to purchase the necessary main contents and distribute them. Further, more than half of the store has leaked out because of insufficient measure of custody in some cases, nonetheless a custody fee paid regularly until March '49 is amounted to ¥13,550,792.

(399) S.P.B. and each branch Bureau (except kyoto and Sapporo) have in store, as on the end of Aug. '48, 185,290 pounds of paint.

These are the remaining deducted 45,183 pounds which were used actually from 230,473 pounds which S.P.B. purchased during from Dec. '48 to March '49.

The effect in question is non-controlled goods and there is no difficulty to charge the expenses to contractors in operating the works, so there was no need to purchase such a great deal of paint. Not only the above, they allowed a delay of delivery without considering the amount of works, resulting in delivery of the most of effects after the completion of works.

A custody-fee therfor is amounted to ¥2,205,706 until Aug. '49.

(400) As on the end of Aug. '48, S.P.B. has 1,298 oil-heaters (¥168,740,000) in store.

These were ordered for the use of the Allied Forces in Korea but there was no more need of them after July '48. At that time, there was no completed one and the amount of work was 84% in average so it was enough to stop the manufacture, after the compensation for these amount, we deem. Nevertheless, they made the manufacturers to continue its production causing ¥17,734,890 of miscellaneous expenses such as packing and transportation, etc. in addition to the cost, and also ¥9,719,751 of a custody fee paid until the end of Aug. '49.

(401) S.P.B. has 507 stored sectional boilers at the end of Aug. '49: These are the total of, 473 boilers the remaining of 514 boilers (¥86,318,314) purchased from the Showa Iron Industrial Co. and one other and 34 boilers the remaining of 79 boilers purchased during 1947 fiscal year. As for 514 boilers abovementioned, the date for delivery was the end of March '48 at first, but these were delivered wholly after prolongation of it for a long term.

Yet, as it was only 41 boilers that were used actually during this term, they should have to take proper measures as for those not delivered by the designated date for deliver. Nonetheless 133 boilers were still delivered until March '49.

A custody fee paid until Aug. '48 is ¥4,352,835.

(402) S.P.B. has 6,590 cabinet-heaters (¥24,369,877) in stock as on the end of Aug. '48. These are the remaining of 7,271 heaters delivered during from June '48 to June '49. Yet, though some of them were not used because of bad efficiency of heating, ~~but~~ almost all of them were delivered after the completion of construction works at Tokyo district. A custody fee therefor paid until Aug. '49 is ¥339,942.

Besides, S.P.B. delivered 2,267 heaters among the above inclusive of 767 heaters transferred from Osaka S.P.B. (amounting to ¥8,469,582) to the Nagoya S.P.B., all of which are kept in store without use.

At Nagoya district, heating is generally gas or electric one so there was no need of the effects in question (steam heating). A custody fee until Aug. '49 is ¥528,213.

(403) Sendai S.P.B. has asbestos keep-warm plate (¥961,563) in store as on the end of March '49. The Bureau ordered asbestos keep-warm band on Feb. '48 from the Tokyo branch of Goyō Trading Co. by an urgent demand, nevertheless S.P.B. purchased and delivered by mistake the above plate, which are left not used. A transportation fee and custody fee therefor up to March '49 is totally ¥229,630.

(404) 55,573 meters concrete pipe (¥8,604,218) is stored by Yokohama S.P.B. as on the end of June '49. The Bureau has contracted with Fuso Construction Co. on Jan. '48 and make it to deliver the said pipe until Dec, for the use of constructing works at Honmoku district. But all of them was left not used except 700 meters which was transferred to other, because the works were finished by substituting a drain or iron pipe for a concrete pipe in question. Further a transportation fee and custody fee therefor up to June '49 is totally ¥7,343,101.

(405) 20,000 "tsubo" of a plaster board (¥5,000,000) is stored by Yokohama and 4 other S.P.B. as on the end of March '49. S.P.B. contracted with Fuso Construction Co. on Dec. '47 and made it to deliver them until May '48 as a material for maintenance and repair in an urgent demand, but

none of them has been used actually.

A custody fee therefor up to March '49 is ¥623,782.

(406) 992,070 kgs of plaster (¥32,627,527) is stored by Fukuoka S.P.B. as on the end of March '49. This was due to the fact a veneer was used instead of the above plaster after starting works, nonetheless these were delivered continuously because of an insufficient connection with S.P.B. in Tokyo. ¥2,170,648 was paid up to the end of March '49 as a custody fee therefor.

(II) Cases where the materials for maintenance and repair were purchased improperly.

It has been decided that the above materials are to be purchased by S.P.B. as previously arranged since the fourth quarter of 1947 fiscal year and further on July 14, 1948, it was directed by the Allied Forces to minimize the quantity within an urgent demand in purchasing these materials.

Nonetheless, those contracted for purchase since July as for 4th qr. 1947 and 1st qr. of 1948 were amounted to more than 500 million yen, resulting in a great deal of stored articles.

The followings are the main cases.

(407) S.P.B. has 9 parts of sectional boiler (¥49,015,204) as on the end of Aug. '49. Those which were delivered from the company, Maeda Iron Foundry and 1 other during from July '48 to March '49 have been left not used because it purchased these parts without any consider for the state of fixing work of the said boiler. A custody fee paid up to March '49 is ¥2,329,674.

(408) S.P.B. and Yakohama and 3 other Bureaus have totally 561,549 pieces of cement-slate as on the end of March '49, which are the remaining of 583,000 pieces (¥12,582,482) purchased as for 1st qr. of 1948, in excess of the necessary quantity.

(409) S.P.B. is keeping in custody 12,482 "Koku" lumbers in the Nerima

warehouse of Miyako Trading Co. and 2 others, as on the end of Aug. '49. These are the remainder among 23,352 "Koku" delivered during from April to June '48 for 4th qr. of 1947. A custody fee up to March '49 is ¥3,621,031.

(410) We have reported in the Audit Report of 1947 that S.P.B. purchased 4,251,930 pieces of a clay-slate (¥87,215,318) for 4th qr. of 1947, few of which were used. There is a similar case in Fukuoka Bureau, in which 298,593 pieces of various kinds of a clay-slate are stored as of the end of March '49. These are the remainder of 302,700 pieces (¥5,555,764) purchased from Nishi-Nippon Trading Co. on April '48. A custody fee up to March '49 is ¥830,273.

(III) Cases where the articles were purchased without considering the quantity of demand and in stock.

(411) S.P.B. has paid a large amount of ¥120 million for the purchase of materials for the Allied Forces families' housing since June '48 notwithstanding the stored quantity of 10 articles such as glass, bulb, tile, etc, resulting in a great deal of stock disused.

As for a glass, it purchased, 565,000 sq. feet (¥22,694,212) from Mitsubishi Transformation Co. and 1 other despite of 565,000 sq. feet demanded by the Allied Forces and 782,372 sq. feet stored at that time (inspected on April), and also as for a tile, it purchased 877,586 tiles (¥15,971,155) from Ina Pottery Co. and 4 others despite of 877,586 pieces demanded by the Allied Forces and 33,690,880 pieces stored at that time.

(IV) Cases where it purchased the materials in spite of a change to charge these materials to the contractors themselves.

(412) Notwithstanding the abovementioned change was decided in operating the Works, W.R.B. and S.P.B. neglected to take proper steps such as decrease of the quantity to purchase etc. and continued to purchase the materials, resulting in a lot of stored articles. For example, in the constructing works at Yoyogi district (Completed on Sept. '47), the materials which arranged to be delivered to the contractors by the government and later

changed to be charged to themselves were amounted to ¥65,411,643 in total (37% of the total expenses of materials for construction), nevertheless they purchased the whole quantity arranged at first.

(413) S.P.B. has 1,471 tons of raw lime (¥3,324,527) stored in the Nerima warehouse of Miyake Trading Co. as on the end of Aug. '49. These are the remainder among 3,823 tons purchased from the company "Taiyo Shosha" and 2 others for the use of the housing constructing works at Narimasu district.

Not only it made the company to deliver the ordered quantity wholly despite of decrease of the necessary quantity by a change of the works plan, but the most of them were delivered without packing and stored out in the field because of no warehouse, resulting in making them useless. A custody fee paid at a rate for satisfactory goods up to March '49 is ¥1,401,025.

(414) Yokohama branch Bureau of S.P.B. has, as on the end of July '49, 65,119 concrete pipes stored out in the field, in the custody of the Daikokucho warehouse of the company, "Yokohama Shokai". These were carried in the warehouse during from Sept. '47 to April '48, but have been stored without separating from damaged one for a long term, for which ¥6,600,527 was paid up to March '49 at an ordinary rate, as a custody fee.

(VI) Improper measures in paying a custody fee.

(415) S.P.B. paid ¥51,179,084 during from Aug. '47 to May '48 to the Mitsubishi warehouse Co. as a custody fee for articles released from procuring. Yet, notwithstanding more than 30% of them were corroded, old or damaged articles, it paid a fee at an ordinary rate without any discount. But as the results of their re-investigation of the price of them made by an advice of the Board of Audit, some 650,000 yen has been saved every month since after June '49. We consider that there might be not few similar cases, and have been giving them an advice for several times,

(VII) Improper measures in transferring the materials.

(416) Among 11,017 tons of various materials transferred from Osaka Branch Bureau to Kyoto and Nagoya Branch Bureaus, there are 5,204 tons (463 kinds of materials) stored not used, as on the end of March '49. On Feb. '48, the materials held in custody of Osaka Bureau were decided to distribute to Osaka, Nagoya and Kyoto Bureaus in the Proportion of 5,4 and 3 respectively, then Nagoya received 5,860 tons and Kyoto received 5,157 tons. But there were few materials used actually and the said 5,204 tons were left not used in both Bureaus. A transportation fee therefor is amounted to some 2.1 million yen. This was due to the fact the distribution was made mechanically without any consideration of necessary articles, estimated quantity of them and the like in each Bureau. Besides, there were 114 kind of articles of which the kind or quantity was not coincident with those on the list, among the materials which Kyoto Bureau has received. These has not been adjusted as late as on Dec. '49.

(VIII) Improper management of articles.

It has been passed for a pretty long term since the beginning of managing business of articles in W.R.B. and S.P.B., nonetheless there are still not few improper cases.

(417) We consider there may be many cases in S.P.B. where a kind or quantity of stored articles is not coincident with those on books, because of an insufficient connection in transferring of these articles with W.R.B. and also an insufficient adjustment of them thereafter. Actually there have been found difference in 663 kind of articles stored in the Nerima warehouse, as the results of inspection held during from April to Aug. '49.

(418) Among the articles which Fukuoka Special Construction Dispatched Office of W.R.B. has received from Kyoto Dispatched Office on Feb. '47 when the above Fukuoka Dispatched Office was established, there were 56 articles of which a kind or quantity was not coincident with those on books, which were not adjusted as late as on Dec. '49.

(419) On Jan. '48 when Osaka Branch Bureau of S.P.B. was established, it took over the materials from Kyoto Special Construction Dispatched Office. It made the articles accounting book based on the quantity stored as on Oct. '48 because there were many articles which were not coincident with those on books, but the difference between the said book and the list of transfer is not yet clear.

(420) - (436) Improper Management on Government -
Supplied Materials

With respect to the enforcement of erection of housing for the Allied Forces' family and other engineering works under the jurisdiction of the Special Procurement Board (formerly under the jurisdiction of either the War-damage Rehabilitation Board or the Construction Board) the requisite materials were mostly supplied by the Government as a rule, and delivered through the respective Ministries or agencies to the general contractors.

In the government-supply of these materials, however, there have been some that were delivered without any full investigation into the construction scale owing to the urgency of the works, or there have been a great deal of remaining lumbers. As a result of our spot audit in itself, there have been brought to light those cases where the liquidation of the materials cost was improper or extremely delayed, the collection of the price of Government-supplied materials or of the indemnity in lieu of repayment of actual goods was delayed, so and so.

They are deemed to be resulted from the officials' carelessness and to be by no means proper.

The particulars are described as follows:

(I) Improper liquidation of material cost

(420) Some 346,711 Koku of timbers was Government-supplied by the Metropolis of Tokyo to Takensaka Engineering Co., Ltd. and 41 other persons as the materials for the first to the fifth serial construction of residences and their attached public buildings, contained in the engineering work relative to the construction of residences for families in Narimasu area, performed during the period from April 1947 to August 1948.

Of the quantity, some 286,206 Koku was actually utilized, 20,274 Koku has been lost, 3,344 Koku was rotten, 14,013 Koku was used as scaffold and 22,874 Koku returned, according to their settlements.

However, the amount of the lost and rotten timbers totalling 23,618 Koku is not only equivalent to 7% of all the government-supplied quantity, but the allegedly utilized amount contains some 79,221 of decrement which are as much as about 38% to the actually utilized.

However, some 59,638 Koku which held the overwhelming majority of the decrement had been used for fuel, etc. by the contractors: therefore, it was improper for the officer to government-supply it free of charge. (421) Fukuoka Prefectural Office government-supplied 8,032 Koku of timber for use of erecting work of Nishitozaki barracks let out to Sanken Industrial Co., Ltd. (general contractor) in November 1946. Among the above quantity, some 886 Koku was settled as useless or receivable which, however, had been wholly delivered in the complete form. Therefore, we gave them an advice as to their management, in conformity with which ¥466,842 has been decided to be collected.

(422) Oita Prefectural Office delivered 1,305 Koku of timber for use of maintenance and conservation of household residences, to Umebayashi Constructing Co., Ltd. in December 1947. As 234 Koku was actually used up to November 1948, the time of expiration of the contract for the maintenance and conservation, the rest must be 1,070. But a shortage of 554 Koku was found. We gave them an advice at the time of our spot audit conducted in May 1949, in conformity with sale of the 554 Koku

(II) Delayed return of Government-supplied materials

(423) Hokkaido Liaison Office was required to government-supply various sorts of electric equipment for use of an extending work of electric transmission and transforming equipment for electric supply in Chitose Area, that had been let out in September 1946 to Hokkaido Electric Distribution Co., Ltd. and was completed in December. Although the actual requisite was ¥339,641, however, the office has not only delivered what was equivalent to ¥6,578,770, but also sent the balance of ¥6,329,128 to wherever the company wished. But there was not still taken any step at the

time of our spot audit in July 1949.

(424) Sapporo Branch Office of S.P.B. made a government-supply of electric materials which cost ¥4,071,219 in relation to the construction work of Makomanai area transforming station that had been let out to Hokkaido Electric Distribution Co., Ltd. in June 1946 and was completed in September 1947. But unused materials equivalent to ¥1,438,898 was still under the same company's custody without any further disposition at the time of our spot audit conducted in July 1949, eighteen months after the completion of the work.

(425) Aomori Prefectural Office made a government-supply of timber, glass and roofing, etc. totalling 31 goods in relation to the fifth serial construction of housing facilities in Misawa area, that had been consigned to Kudo Constructing Co., Ltd. during the period from January to July 1948. Unused timbers that must be returned was estimated at approximately ¥1,280,000, but they were not returned yet at the time of our spot audit conducted in July 1949, a year after the completion of the work.

In addition to the case above, there are some ¥710,000 of materials that must be returned following the same suit, in relation also to the first, second and third series of the same work.

(426) Tokyo Metropolis Government made a government-supply of 40,204 Koku of timbers to Shimizu Constructing Co., Ltd. between July 1946 and Sept. 1947 in relation to the erection of housing facilities in Yoyogi area. Of the quantity some 7,752 Koku has been used for unknown purposes, but there has not been taken any measure up to November 1949, though the liquidation of the work expense had been finished as early as August 1948.

(427) Tokyo Metropolis Government made a government-supply of materials, in relation to the erection of housing facilities for the Allied families in Yokota area, that had been sublet to Akanuma-gumi Co., Ltd. and 3 other persons (general contractors) during the period from June 1946 to October 1947.

Of these materials, 26,093 meters of "fourth" electric wire, 4,500

pieces of glass plate and 122 other

square shaku of glass plate and 122 other kind of goods were remaining unused. But there was not taken any step still in November 1949, two years after the completion of the work.

(428) Aichi Prefectural Office made a government-supply of timbers in relation to the engineering work on the families' residences in Naka - ward in the city of Nagoya, which had been sublet to the Allied Families' Housing Work Co-operation Association and was completed in June 1947. Some 6,410 Koku of the timbers were over-delivered, which have not yet recovered up until November 1949.

(429) Fukuoka Prefectural Office made a government-supply of timbers totalling 32,380 Koku in relation to constructions of the families' quarters in Ashiya area that have been sublet to Ikeda-gumi Co., Ltd. and 5 other persons during the period from July 1946 to December 1947. Although 8,541 Koku had to be returned from each contractor as unused timbers, the prefectural officer cancelled 500 Koku as rotten ones, assigned 2,747 Koku to Ikeda-gumi as unqualified ones and has not taken any measure on the rest.

(III) Improper sales-price of government-supplied materials

(430) Kyoto Prefectural Office assigned, in February 1949 to Shimizu Constructing Co., Ltd. and 4 other persons, some 3,703 Koku of unused timbers which had been government-supplied in relation to both the first and second series of erecting work of families residences, at ¥507,750 as scaffolding materials for the third serial work. But the sales price stood at ¥150 and ¥50 per Koku, which, in comparison with ¥500 to ¥430 per Koku of the scaffolding lumbars calculated on the deed of settlement of the third serial work, is extremely low.

(431) Hyogo Prefectural Office made a government-supply of 22,593 Koku of timbers in relation to the constructing work of the quarters for the families in Rokko area which had been let out to Takenaka Engineering Co., Ltd. and 7 other persons. Of the timbers, some 2,429 Koku had to be returned, however, as the very timbers had been consumed up, Osaka Branch

Office of the S.P.B. assigned the same in April 1949 to the said contractors at ¥380,287. As for 2,110 Koku of them, however, the price was fixed at 80% to 60% of the official price of firewoods. Although there had been passed not a short time after the date of their government-supply, it is deemed there was in no way a reason why a majority of them was sold at a price lower than firewood's.

(432) Hiroshima Prefectural Office let out to Chugoku Electric Distribution Co., Ltd. the installation works of electric transmitting, distributing and transforming facilities for the Allied families in Etajima area, and also of electric supplying facilities for the Allied families in Hiro area, in relation to which a government-supply of the materials was made.

The bare hard copper wire and 5 other items which had not been used had been continuously under the same company's custody, and was eventually assigned in August 1948, that is, over a year after the completion of the work, at ¥786,173, that is, the same price at the time of the enforcement of the said work. But the assignment in this case ought to have been made at ¥1,560,729, that is, the price of the time of the sales.

(IV) Delayed collection of the proceeds from the government-supplied materials

(433) Kanagawa Prefectural Office and Yokohama Branch Office of the S.P.B. have delivered 20,444 Koku of timbers which had to be used for the constructing work of families' housing facilities in Hemmeku and Negishi area, to Takenaka Engineering Co., Ltd. and 52 other persons during the period from January to August, 1948, on the assumption of assigning them at ¥10,727,351.

But they have not yet taken any procedure of assignment as late as in November 1949.

(434) Yokohama Branch Office of the S.P.B. concluded the liquidation of

the work expense for the fourth serial construction of family-quarters in the 2nd area in Yokohama which had been practised by Akira Industrial Co., Ltd (general contractor) in December 1948. In this connection, by an investigation at the time of our spot audit conducted in August 1949, some heating materials were found to be returned. Therefore, we gave them an advice on the spot: subsequently, they finished the procedure of collecting some ¥1,315,297 equivalent to the compensation, as late as November.

(435) Kanagawa Prefectural Office made a government-supply of materials to be used for the work of erecting family-quarters in Hommoku and 5 other areas, which had been practised during the period from February 1946 to June 1948. Although some of them had to be returned because of their unusedness, yet as there were no such actual goods, some have been allowed to be indemnified in cash money of which such that have been confirmed in quantity and amount are estimated at ¥2,321,162, and such that have not yet been done are estimated at some 8 million yen.

Of this, while the confirmed amount has been acknowledged up to December 1948, there has not taken any measure of collection even up to November 1949. On the other hand, as to the unconfirmed amount, though almost all the relative engineering works had been finished up to May 1947, even the quantity and amount have not been acknowledged up-to-date.

(436) Kagoshima Prefectural Government made a government-supply-with-charge of materials for electric transforming and distributing facilities in relation to a work of installing electric-supplying facilities for the family-quarters in Kanoya area, which had been let out to Kagoshima Branch of Kyushu Electric Distribution Co., Ltd.

The compensation of these materials amounting to ¥210,044 had to be assessed in August 1948, at the time of the payment of the work expense, which, however, has been utterly neglected since then, until it was paid into the State revenue in

State revenue in July 1949, in conformity with our advise given them at
the time of our spot audit in May.

The Central Liaison Office, the Home Ministry and the Ministry of Foreign Affairs, in relation to the management on timbers for use of packages for restitution of Allied Nations Property, have improperly paid the purchase-price and custody-fee for undelivered ones and further made a settlement of their release, etc..

It was that;- The Central Liaison Office consigned in June 1947 the purchase, transport, custody, etc. of 45,500 koku of timbers to Fukagawa Agency of Akita Wood Co., Ltd. and paid for their full quantity in July ¥ 20,556,106, the official price, pursuant to the written inspection prepared in the name of Director of Investigation Bureau of the Home Ministry, as if all these timbers had been delivered in June. But in fact, not more than 34,125 koku of their were delivered one by one, from the end of July until the end of October, and as the official price was raised by 70% in July on, the company came to be reluctant to fulfill the whole contracted amount, and incidentally some 11,374 koku, the remainder, have turned out to be undelivered.

But, the Central Liaison Office and the Home Ministry assigned the custody of all the timbers to the deliverer, and after assuming the actual quantity as 45,500 koku paid the compensation for their transport, custody, etc. for the period between July and October 1947 totalling ¥ 11,213,386 (inclusive of ¥ 3,184,689 for the imaginary timbers). Subsequently, in March 1948, the Ministry of Foreign Affairs who took over the same business, released to the company 30,363 koku including abovementioned undelivered quantity as rotten, except those used for packages and those under custody in a complete form, at ¥ 7,383,011, and otherwise paid, as a custody fee of 45,500 koku, ¥ 3,049,565, full compensation for the period from November 1947 to March 1948 and ¥ 3,219,247, partial compensation for the period from April 1948 to March 1949, totalling ¥ 6,268,803.

In a few words, this is a case of payment of purchase-price and custody-fee for undelivered timbers and release thereof, which is by no means proper.

Re. 696

For the Spec. Acc.

Spec. Acc. for Printing Board: Exp.

(438) Improper Purchase of Goods

(Title) Work Expense of Printing Board

(Item) Work Expense

The Printing Bureau disbursed ¥43,698,065 (of which ¥42,977 in 1949 fiscal year) in 1948 fiscal year as the price including carriage etc. of 301,637 kilograms of dextrine purchased from the Saitama Starch Industrial Company, Ltd. and five others.

The above purchase was made for the use of starching the back of postage-stamps, revenue-stamps, sales tax stamps and so on at the Takinogawa Factory of the said Bureau. However, against 311,590 kilograms including 9,952 kilograms carried forward from the preceding year, the really used amount is only 78,231 kilograms, and a balance of 233,358 kilograms amounting to ¥34,402,543 was carried forward to the fiscal year 1949. The authorities explained that a large amount of such carrying forward was caused by the suspension of starching the back of small sales tax stamps. But the majority of the said dextrine was supplied after the opening of the manufacture of small sales tax stamps by the Bureau in a schedule that no starching thereof be performed. Therefore, the contract for the unnecessary amount should have been cancelled. Nonetheless, it continued the purchase aimlessly, and consequently the said large amount was carried forward.

Of the said dextrine, 87,420 kilograms including those carried forward from the preceding year became damp and low quality through being kept in the imperfect storehouse for a long time, resulting uselessness for starching the back.

Re 931

(439) Improper Payment of Printing Cost

(Title) Work Expense of Printing Board

(Item) Work Expense

The Printing Bureau contracted during the period from July 1948 to March 1949 with the Toppan-insatsu (Anastatic printing) Co., Ltd. and 5 other persons for printing 136,333,700 sheets of revenue-stamp with one-hundred figures, after supplying 15,712,000 sheets of blank papers; for which the official has disbursed ¥ 41,370,021.

On the itemized bill for payment, the material expense was stated as ¥ 8,071,165; the labour expense, ¥ 21,403,341; other expenses, ¥ 21,403,341; and the total expense, ¥ 42,005,500.

It was in conformity with an agreement that the aforesaid amount has been disbursed. Though the accumulations of respective companies differ to one another, they are one and all different from the actual state of Takinogawa Workshop of Printing Bureau.

Details are as follows:

- (a) Some ¥ 7,044,799, the cost of 15,400 Kilograms ink are computed in the name of material expense. According to this computation, some 119 Kilograms of ink has been reportedly consumed for printing one million sheets, which was too excessive as compared with the actual consumption of mere 47 Kilograms per one million sheets at Takinogawa Workshop of the Printing Bureau. As regards also what was actually consumed at Itabashi Workshop of Toppan printing Co., Ltd., involved in this contract, though the actually consumed ink was 414.4 Kilograms, the itemized bill for payment submitted to the Printing Bureau stated the same as 859 Kilograms.
- (b) Some ¥ 20,869,216 are entered as labour expense for 111,695 labourers. On the basis of this calculation, some 812 mechanics have been mobilized for printing one-million sheets. This was also excessively computed as compared with the actual service by 570

mechanics at the said Takinogawa Workshop.

These facts have resulted from unsatisfactory investigation at the outset of the contract. If the volume of ink and the number of mechanics had been computed likewise at Takinogawa Workshop and if that of the rest, in accordance with the contents of the itemized bill for payment; the expenses in this case might have been recalculated at approximately ¥ 35 million. Thus, some ¥ 6 million would have been saved.

(440) Improper Contract of Transportation

(Title) Work Expense of Printing Board

(Item) Work Expense

The Printing Bureau disbursed 27,109,253 yen (including 9,474,805 yen paid in the fiscal year 1949) for the fee of transportation of 4,951 tons of "Mitsumata" and 13,801 tons of pulp totalling 18,752 tons, let out to the Nippon Express Co. in April and June 1948.

At the time of contract with the fore-mentioned Company of transporting "Mitsumata" and pulp purchased by the Bureau as paper making material, from gathering centers of "Mitsumata" or the nearest station to the pulp manufacturing factory, to each factory of the Bureau or the sub-factory, the unit transport fee was decided in accordance with the transport plan for the fiscal year 1948 by pooling the various fees calculated per every collecting and delivering section on the basis of railway goods rate designated by the Ministry of Transportation and the fee of small-scaled transport and motor truck rate notified by the Price Board.

However, in comparison with the unit fee calculated on the basis of the results of transport, in not a few cases the contracted unit fee is extremely dear as shown below and the balance totals about 6,000,000 yen.

Term of contract	MITSUMATA (Per ton)			Pulp (Per ton)		
	contract	result	balance	contract	result	balance
From Apr. 1 1948 to June 22	¥ 681.93	¥ 559.61	¥ 122.34	¥ 437.10	¥ 362.27	¥ 74.83
From June 23 1948 to July 9	1,829.41	1,339.77	489.64	914.70	688.75	225.95
From July 10 1948 to Mar. 31 1949	2,283.41	1,571.69	712.72	1,401	1,142.16	258.84

Spec. Acc. for Monopoly Board: Rev.

(Re. 1) (441) sale of Released Tobacco; Extraordinary Cheap

(Title) Revenue from Operation of Monopoly Board

(Item) Operation Revenue

The Tokyo District Monopoly Bureau sold in July 1948 12,528 parcels of released tobacco at the price of ¥ 560,806 to retail dealers. The fact is as follows;

The chief of the Honjo Monopoly branch of the said Bureau misconceived the released pipe-tobacco for free sale (the selling price of the government is ¥96 per parcel) as the released pipe-tobacco for the special ration to industrial laborers, and sold it for ¥ 28,80 per parcel, thus a loss of the treasury, the balance ¥ 641,881 was resulted.

Do: Exp.

(Re. 81) (442) violation of the Division of Fiscal Year
 (Title) Work Expense of Monopoly Board
 (Item) Work Expense

The Okayama Local Monopoly Bureau disbursed ¥ 2,908,725 as the price of constructing a new branch office of the said Monopoly Bureau and other works which had been let out in December 1948 to a certain Matsumoto of the Okayama City.

However, notwithstanding the fact the amount of work performed as of the end of year was nothing but 50%, and that the work was completed at the end of July 1949, the Bureau defrayed the whole amount of the price out of the appropriation for 1948 fiscal year on the pretext that the work had been completed within the year.

(445) Inadequate Plan of a Constructing Work

(Title) Work expense of Monopoly Bureau

(Item) Work expense

Ministry of Construction made a contract in November 1947 on behalf of Monopoly Bureau with Konoike-gumi Co., Ltd, and Taisei Constructing Co., Ltd. (general contractors) of the first and the second constructing work of Nagoya Factory of Monopoly Bureau, for which they paid Y 26,313,166, (containing Y 8,462,500 for 1947 fiscal year, and excluding Y 12,182,696, the cost of government-supplied materials).

The above-mentioned construction was completed in August 1948; however, hardly had three months passed after the date of its completion, when the framework was conspicuously bent or biased, causing a necessity of additional appropriation of Y1,023,850 for the special supplementary work on the framework.

This was attributed ^{to the fact that} they adopted a peculiar framework of which they had little experience, and that they made an insufficient strength-calculation thereof. This has been proved by the fact that Nagoya Factory of the same Bureau which was build in the third series of constructing work contracted with Taisei Constructing Co., Ltd, at Y 21,013,009 has also a peculiar form of framework and that nothing has been wrong with the framework after its completion, supposedly because it was planned on the basis of an adequate strength-calculation.

Supposing, as to the first and the second constructions, they had adopted the plan based on the calculation of endurance equal to that of the third construction in the work of the framework similar to that of the third construction, or if they had adopted a plan based on an

adequate calculation, in the work of the other proportions of the construction, they might have accomplished the whole construction, merely with a slight increase in the material expense, and without any additional works.

(Re. 103) (444) Too Much Payment for partial Completion

(Title) Work Expense of Monopoly Bureau

(Item) Work Expense

According to the mandate from the Monopoly Bureau, the Ministry of Construction gave a certain Yoneshige in Kagoshima City the contract for the 2nd new construction works of the tobacco plant of the Kagoshima Regional Monopoly Bureau at the price of ¥23,780,000 (comprising altered contract amount in March) in February 1949, and disbursed not only ¥7,134,000 the sum of which corresponded to 30 per cent of the contracted price as advance payment of construction price in March 1949, but ¥6,874,000 as payment for partial completion.

The same payment for partial completion was disbursed under the calculation of deducting ¥3,437,000 - depreciation of advance payment - from ¥10,311,000 the sum of which was equivalent to 20 per cent of ¥11,456,700 as the price for completed works till March 15. In this case, as the completed works in reality by March 15 were equivalent to ¥5,957,113, the Ministry could not pay beyond ¥3,574,267 - the amount deducted ¥1,787,133 depreciation of advance payment from ¥5,361,401 the sum equivalent to 90 per cent of the price for completed works - as the partial payment, and yet paid ¥6,874,000 as above.

(Re. 405)

State Properties

(445) Improper Management of Leaf-Tobacco

The Sapporo Regional Monopoly Bureau authorized the trial rearing of Burley leaf-tobacco for more than 516 "chobu" as material of nicotine for agricultural use in 1947 fiscal year and received 558,597 tons (compensation price of which was ^{21,181,899}~~21,1899~~ yen).

Although the initial plan was to employ 256,188 tons of the fore-mentioned leaf tobacco for cigarettes and cigars and to sell the rest 302,408 tons as material for agricultural nicotine medicines, only 37,000 tons was sold at 1,513,838 yen in July and August 1948. While, 558 tons was stolen and 21,777 tons was used by the nicotine manufacturers without any permission, while under their custody without fee. After all, in Nov. 1948, only 243,072 tons was left.

Though the fore-mentioned leaf tobacco for use of material for the agricultural nicotine medicines was planned as a rule to be sold immediately after it was delivered, and consequently it was received before perfectly dried, it was left for a long time without any disposal measures, and it was as late as July 1949 that its employment for manufacturing cigars and cigarettes was decided.

Such improper measures brought about 32,866 tons of decomposition and a heavy loss amounting to 1,033,332 yen.

Also in fiscal year of 1948, trial rearing of leaf-tobacco for nicotine material was authorized for 683 "chobu" and receiving 1,259,696 tons, the Bureau disbursed the compensation price of 83,353,172 yen between Dec. 1948 and March 1949. However, there is no possibility of employing it as material of nicotine.

Spec. Acc. for Capital Levy Receipts, etc.: Rev.

(Re.614) (446) Delayed Decision of Collection of Rent for the
Lease of Properties Paid in Kind

(Title) Receipts from Property

(Item) Receipts from Tax Properties & Transferred Properties

Tokyo and 8 other Financial Affairs Bureaus have totally ¥15,740,371 (among which ¥1,826,040 for 1947 fiscal year) the rent of tax properties, which has not been decided to collect at the end of 1948 fiscal year.

This is divided into ¥7,514,402 (among which ¥1,082,197 for 1947 fiscal year) as for the land and ¥6,225,969 (¥743,843 for 1947) as for the building.

The above bureaus have taken over these tax properties from each taxation office and have been leaving them for the use of persons who had been using them at the time of transfer. So the bureaus should have to collect the hire periodically every year, nevertheless they have been leaving it not decided to collect for three years since the transfer of these properties.

Do: Exp.

(Re. 757) (447) Improper Payment of Special Brokerage for Sale of Properties in Kind

(Title) Sundry Expense

(Item) Sundry Expenses

At Tokyo and other 6 Regional Financial Bureaus the official disbursed ¥ 52,652,500 (involving ¥ 37,350,000, disbursement during the fiscal year 1949) during the time from January to September 1949 for the First Trust Bank Co., Ltd. and 41 others as the special brokerage for sale of properties paid in kind which had been sold on commission of above bureaus.

Up to that time, it had been a custom with the bureaus that the bureaus would entrust the disposition of properties paid in kind by sale to the trust bank, paying the sum equivalent to 5 per cent of price sold thereto as brokerage. In this case, however, by reason of necessity to promote the sale and to protect the consignees of sale in small lot from below cost, the bureaus disbursed above sum, paying ¥ 2,500 as the special brokerage in addition to the legal brokerage for each case less than ¥ 50,000 of which contract for sale was completed during the time from January to March. Thus, the sum paid of brokerage amounted to ¥ 83,695,556 - ¥ 31,043,056, legal brokerage and ¥ 52,652,500, special brokerage-equivalent to around 13.4 per cent of ¥ 620,864,138, proceeds of property collected the time from April 1948 to September 1949. It is not a proper measure that the brokerage was paid by excessively high rate as 13.4 per cent, although we understand such circumstances that the bureaus needed to promote the sale of national properties.

(448) Improper measure in collecting Hospital Receipts

(Part 2) Receipts from Gov't enterprises and properties

(Title 2) Receipts from Gov't enterprises

(Item 2) Hospital Receipts

The Tokyo University and 6 others have the Hospital Receipts which have not been decided to collect as on the end of March 1949, through 1947 and 1948 fiscal year, amounting to ¥48,125,482 as follows: this is a reckless measure.

<u>Name of University</u>	<u>Amount Not decided to Collect</u> (yen)
Tokyo Univ.	12,024,544
Kyoto Univ.	16,600,163
Tohoku Univ.	8,685,166
Nagoya Univ.	2,306,755
Chiba Med. College	885,171
Kanazawa "	3,605,066
Kumamoto "	4,018,973
Total	48,125,842

Remark: These are limited to the case which have been found by only our spot audit.

(449) Losses of treasury caused by officials' crimes

(part 2) Receipts from Gov't enterprises and properties

(title 3) Receipts from Gov't properties

(Item 2) sale price of Gov't properties

At the Contagious Diseases Research Laboratory, a certain shioya, the former employee, has usurped and swindled ¥870,955, while on his working and after retirement.

This is that, during his work to sell the medicine manufactured by the Laboratory and to collect its charge he has usurped ¥ 667,845 during sept. - Nov. '48, the charge for the vaccine for inoculation and etc. from the Japan Pharmacy Co. Ltd. and other one; and after losing the authority to collect the charge for the sold medicines on Nov. 30, he has swindled ¥ 57,150 by a forged receipt, from the Japan Pharmacy Co. Ltd.; and also after his retirement on Dec. 28, he has swindled again ¥165,960 from the Japan Pharmaceutical Industry Co. Ltd. and other one, by the same means.

Among the suffered money, ¥333,265 has been reimbursed on Nov. '48.

Re. 773

782

(450) Delay in Notification of Budget

(Part 4) Expense for Administration Dept.

(Title 9) Min. of Education

(Item 1) Min. of Education, Proper

The Education Ministry have notified the Hokkaido University and other 45 schools on March '49, the expenses amounting ¥6,511,079, to hold the test of qualifications for an examination in 1949.

These tests were held at the end of Jan. 1949, and it was decided on Dec. 1948 to disburse out of reserve fund for the expenses thereof.

However, as the Ministry have notified it at the end of fiscal year as above mentioned, each school got into a difficulty of finance, and the Tokyo University and 5 schools have used some ¥560,000, for the expenses thereof, in debt of the fees collected for the test amounting ¥ 3,085,460. and other schools also have had the alumnal or parents' associations to pay the expenses therefor.

(451) Improper delivery of State liability of Expenditure for Compulsory education

(part 6) expense for Education and Culture

(Title 1) Expense for Education of Elementary School

(Item 1) state liability of Expenditure for Elementary School Education

(Item 2) subsidy for Allowances to Teachers of Elementary School

(Title 2) Expense for Education of Middle School

(Item 1) state liability of Expenditure for Middle School Education

(Item 2) subsidy for Allowances to teachers of Middle School

In the fiscal 1948, the Ministry of education, according to the Law for state liability of Expenditure for Compulsory Education, delivered to metropolis and every prefecture a roughly estimated sum of 13,557,833,689 yen for the fiscal 1948 and clearing money of 949,512,925 yen for the fiscal 1947 as the charge on National Treasury for the primary and middle school education and the subsidy for the allowances to teachers of the said schools.

The former sum was ^{SA}subsidized four times a year at a rough estimate in order to supplement half of the expenditures in the said municipalities for basic salary, special allowance, death allowance, travelling expenses, family allowance, regional allowance retiring allowance and holiday and night duty allowances, and the latter to replenish the deficit of the preceding fiscal year as a result of liquidation.

However, according to our investigation of the financial reports submitted by the metropolia and prefectures which the ministry adopted as a basic data in deciding the amount of the delivering sum, it was revealed that there was estimated in the documents the sum exceeding the actual payment and that salaries and allowances for the clerks, teachers engaged exclusively in clerical works and in the union business which were excluded from the object of government liability were included in not a few cases.

For instance, so far as made clear by our spot audit, the sum included in the reports as allowances to the clerks etc. as mentioned above totalled 48,069,238 yen for the fiscal 1947 in Aomori prefecture and 35 others and 175,175,443,901 yen for the fiscal 1948 in Hokkaido and 39 others and the state subsidy against these sum reached 24,034,619 yen for the fiscal 1947 and 87,721,950 yen for the following year, notwithstanding that there was no need of paying such money.

It was deemed to be improper to calculate and deliver the sum merely according to the reports from the metropolis and prefectures without careful examination.